

**CHALLENGES OF MANAGEMENT OF STRATEGIC
CHANGE AND PERFORMANCE OF NAIROBI CITY
COUNTY GOVERNMENT**

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DECLARATION

This research proposal is my original work and has not been presented for examination to any other university.

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This research proposal has been submitted for examination with my approval as the University Supervisor

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DECLARATION

I DECLARE THAT THIS MBA PROJECT IS MY ORIGINAL WORK AND HAS
NEVER BEEN PRESENTED FOR EXAMINATION IN ANY OTHER
UNIVERSITY

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THIS PROJECT IS SUBMITTED WITH MY AUTHORITY AS UNIVERSITY
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DEDICATION

This project is dedicated to the Two Women in My life: My Mother Sarah Moraa

Kibagendi and My Loving Wife, Caroline Karungari Kahende

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I am sincerely grateful to my supervisor, Prof. Martin Ogutu for his guidance throughout the project. I am also highly indebted to my former classmates for keeping company in the course of this undertaking.

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ABSTRACT

This study sought to determine the influence of challenges of management of strategic change on performance of Nairobi City County. This study was based on three theories namely: Kurt Lewin's change model theory, input-process-output model and Public organization theory. Given that this study focused on Nairobi City County, the research design adopted was a case study. The data collection process involved the use of interview guide to collect primary data. The respondents in this study were Senior Executives and Chief Officers in Nairobi County. These persons are deemed to occupy positions in which they guide the institution in the implementation of strategy and are therefore best placed to respond to the issues raised by the researcher. A total of ten officers were targeted for this study. Data was analysed qualitatively by use of content analysis. Content analysis allows the researcher to analyse written, verbal or visual communication messages. All the respondents indicated that they occupied senior management positions in the county government. Indeed, none of the respondents occupied a position lesser than that of a Chief Officer. These are senior positions in the hierarchy of county governments. They were therefore considered good enough to provide the desired information. It was indicated that to a large extent the greatest impediment arises from employee resistance. Respondents also indicated that lack of resources was another challenge. These resources were indicated as either financial or human resources. On financial resources, it was noted that implementation of strategic change is a painful process financially and the county has suffered on this front. Lack of coordination was said to introduce certain challenges such as unavailability of personnel during briefing sessions, non submission of critical departmental memoranda, and general lethargy for the entire process. Respondents also noted that there was the challenge of failure to inculcate a sense of urgency in the employees at an early stage. It is therefore incumbent upon the management to sensitize the employees on the need for strategic change. It is then they can support it because they feel they own the process. The study recommends that future research effort be directed at understanding how challenges in implementing strategic programs affect the morale of staff and whether there is a statistical correlation between involving the employees at the initial stages of the strategy and the performance of such a strategy.

CHAPTER ONE: INTRODUCTION

1.1 Background

The world is deemed to be a global village so are the organizations through their network connectivity. The business environment is always changing on every occasion driven by different factors such as technology, competition change in customer preferences, population increase among other factors. The external environment informs all the changes that occur in different organizations both in public and private sector. Strategic Change management involves initiatives of managing change in a well-planned structure of organizations that helps in achieving objectives, missions as well as long term goals. The adoption of change management is significant for the sustainability and growth of an organization (Hodge and Johnson, 2007).

This study was based on three theoriesnamely: Kurt Lewin's change model theory, input-process-output model and Public organization theory. Kurt Lewins change model theory establishes that the stability of human behavior in an organization relies on a quasi-stationary equilibrium supported by a combination of different driving and restraining forces from the external environment (Cznkota et al, 2009). The input-process-output model indicates that the process and the theory of process are important aspects of arriving at the definition of change theor. Public organization theory focuses on the behaviors and attitudes of different employees, managers and the people within the organization.

Counties in Kenya are being embraced as the new centers of power and resources. (Kotter, 2008) insists that in change management a detailed plan and a responsive

execution which is achieved through contributions by different people who either are affected by this change directly or indirectly. This is portrayed by the county government as they incorporate contributions shared in the meeting, Vision 2030 in their planning. Although devolution has success projections there is also equivalent pressure of its failure motivating this study on the challenges of management of strategic change and performance of Nairobi City County Government

Nairobi City County is the most crucial county so far. This is because it is the capital city of the country, it hosts almost all the headquarters of the central government and the biggest industrial town in the country and hence heart of economy of the country. The governor of Nairobi was always going have a difficult task to control the county that is viewed as the heartbeat of the country. Study of change management is of particular significance in the context of Nairobi City County Government, as it is mandated to provide public services, initiate infrastructure development and undertake basic administrative tasks including creating an environment for its stakeholders to participate in economic activities which are stimulants of economic development (NCC , 2017)

1.1.1 Management of Strategic Change

Strategic change management practice has been defined as the use of systematic methods to ensure that an organizational change is guided in the planned direction, conducted in a cost effective and efficient manner and completed within the targeted time frame for the desired results (Balogun et al., 2008). Strategic change management practices are the decisions and actions that the management execute in organizations for realization of strategic intentions for competitive advantage

(Bryson, 1988). Various scholars have viewed strategic change management practice in many ways including, education and training, mentoring, planning, negotiating, leadership commitment, participation, edict or coercion, collaboration, communication, facilitation and support (Weick & Quinn, 1999).

Organizations are faced with turbulent and rapid changing external conditions that are complex, chaotic, multifaceted, fluid, and interlinked. The fluid nature of the environment means organizations have to develop initiatives that have an impact on work, organizational design, resource allocation, systems and procedures, and which are geared toward performance improvement (Huczynski & Buchanan, 2001). Bumes (2000) notes that organizations have had to rethink their approaches towards management and search for new concepts and methods that give guidance in this turbulence environment.

Strategic change management practices have been used extensively by organizations in different contexts depending on the nature of change to influence its environmental fit and strategy. Training and education are used to overcome lack of information during radical change (Ansoff & McDonnell, 1990). Participation and collaboration are used to enhance commitment and involvement of all the stakeholders. Coercion or edict may be used in a crises state for strategic and environmental fit. Communication and support is also necessary for the initial negotiation of change and for establishment of a consensus. The internal and external environment creates the drivers of change that will definitely force organizations to change. Therefore the changes must be managed effectively for environmental fit (Thompson & Strickland, 2003).

1.1.2 Challenges of Managing Strategic Change

Researchers have found different challenges faced when managing change in different organizations. Rezvani et al. (2012) state that change management faces challenges such as like culture and management, technology, strong competition, environment, structure , labor and employees and political issues. According to Rezvani et al. (2012), organization's strategy is also strongly affected by culture and also managers decision making process between each other and that new technology and product development on the other hand required for strategic changing that cost a lot for an organization, so it is one of the barriers of change.

Obonyo and Kerongo (2015) suggest three challenges to managing change in an organization as, organization culture, structure and leadership. Organizational culture is defined by the nature of variables such as norms, values and artifacts because they have a direct impact on the behavior of individuals involved. According to Obonyo et al. (2015), the type of culture observed in an organization is dependent on the type of managerial style adopted as well as the processes within the organization. T

Obonyo et al. (2015) further pointed out that the approach that the stakeholders take when faced with challenges is mainly indicated by culture. Lack of capacity and resources is also a challenge when managing change in organizations. Lack of resources can also be a challenge when managing change, since without resources the implementation of strategy itself is almost impossible (Johnson & Scholes 2002).

1.1.3 Organizational Performance

Organizational performance is based on the concept that an organization is a deliberate association of productive assets that include human, physical, technological

and investment resources, with a view of achieving a common purpose, (Barney, 2002). The need for values, culture and guiding principles that are unique to the organization growth are instilled by organization performance. Organizational culture must support the achievement of the strategic objectives. The purpose for achievement of the desired outcomes for the organization performance are supported by the values and guiding principles.

Because organization's performance defines business success, it follows that the performance of the business must be monitored continuously, evaluated and corrective actions taken to mitigate any variance against the target. Performance measurement entails collection, analysis, and reporting of individual, group, system, organization's information. With this in mind, performance measurement translates into performance management which is a tool that aids in conversion of the vision, mission and ideas of top leadership into action plan that is measureable and correctable (Chapman 2010).

Performance of the organization is key to the interest of the investors in the business. This is because any investor desires to maximize returns on the investment done. This notwithstanding the organizational leadership is entrusted with the responsibility of ensuring that the interest of the organization's shareholders are met at all times and as such their main focus is to ensure that performance of the organization is in line with the vision of the organization. This therefore makes performance which is a determinant of organizational profit a key agenda at both the corporate level, business level and operational level of any organization (Barney, 2012).

1.1.4 County Governments of Kenya

The Devolved Government Act was incorporated by inauguration of the new constitution and subsequent coming into action after 2013 general election. There are 47 no county governments in Kenya. The administrative systems of County Governments are headed by County Executive that is, Governors and Deputy Governors (Constitution of Kenya, 2010).

This devolved unit is comprised of the county executive and assembly. Executive team of the county consists of the Governor, his deputy, members appointed by governor with the approval of the assembly at the county. Governor leads the committee executive who roles entails implementing county legislation, functions coordination, administration, supervision and provision of public services (Constitution of Kenya, 2010).

In addition, the county sets and implements policies as well as legislation and preparation of legislation for consideration by the county assembly (Constitution of Kenya, 2010). The newly promulgated constitution of Kenya came in with a new government system that has two levels namely: the central government headed by the president and the devolved governments referred to as county governments, headed by governors.

1.1.5 Nairobi City County

The Nairobi City County is a successor of City Council of Nairobi. It was created when the new constitution of Kenya was adopted in 2010. It is governed by the Cities

and the Devolved Government Act, Urban Areas among other Acts. It provides water and sewerage, health, basic education, garbage and refuse disposal, fire services, urban public transport and planning and development control to citizens within its jurisdiction (Kibwage, 2002).

Nairobi City County has 85 wards represented by Members of County Assembly (MCA) and 17 Sub Counties, which are Langata, Kibra, Dagoretti South, Dagoretti North, Embakasi Central, Embakasi East, Embakasi North, Embakasi South, Embakasi West, Kamukunji, Makadara, Mathare, Ruaraka, Westlands, Kasarani, Roysambu and Starehe. These Sub Counties are headed by Sub County Administrators who oversees the day to day operations at Sub County levels. There are 14 Ministries headed by Chief Executive County Ministers and Chief Officers as the accounting officers and Departments' are headed by Directors (IDP, 2014).

The population of Nairobi is rapidly growing thus calling for the Nairobi City County to manage infrastructure in a way that will be effective and time saving in service delivery. It is a fact that it has considered doing strategic changes so that it can keep pace with challenges of rapidly developing the city with the aid of Information Communication Technology (ICT).

1.2 Research Problem

Organizations, whether private or public, profit or non-profit are faced with turbulent and rapid changing external conditions that require organizations to continuously undertake change to adapt to the changing conditions. Management of the change that is taking place requires a systematic approach to ensure that a planned organizational change takes the planned direction, and is conducted in a cost effective and efficient

manner and completed within the targeted time frame and with the desired results (Ansoff and McDonnell, 1990).

Nairobi County has experienced episodes of strategic management discontents which have had adverse effect on the City's economic performance. These discontents are that; the city is overcrowded; high corruption rate by the City County officers; lack of City's master plan; poor solid waste management; inadequate housing and informal settlements as well as poor traffic management. In addition, the City lacks proper fire fighting equipment and measures, as well as poor security and urban planning among others (NCC, 2016)

Internationally, Glensor (2010) in his study on organizational change management in South Africa using cross-sectional survey design argue that change is inevitable in every organization and should be managed effectively through an endemic and generic change management framework and approach for any organization to survive. The current study is based in Kenya and thus different operating environment. Sevdm (2010) did a study on change management a case study of sap implementation in a major company in China using descriptive research design, the study found that there was lack of focus on information sharing and motivational issues and the level of overall awareness, readiness and willingness to change were relatively low. However, the study was failed to clearly show the linkage between management of strategic change and organization performance.

Degnegaard (2010), looked at strategic change challenges in the Danish police reform using case study research design , the study found that, the fact that the planning of the implementation of the police reform has drawn upon change management technologies which have been developed based on premises other than those of the police organization. No clear relationship between strategic change management and performance is established. Tuan (2010), studied management accounting and organizational change, impact of alignment of management accounting system, structure and strategy on performance in Western Australia using explanatory research design, the study found that significantly different results from those studies conducted in developed countries. No clear relationship between strategic change management and performance is established

Locally in Kenya, Olaimo (2017) examined Strategic Change Management Strategies at Postal Corporation of Kenya. Case study research design was used. The study findings revealed that diversification strategy was the most adopted at the corporation. However, the study focused on Postal Corporation of Kenya and thus little can be borrowed with regards to Nairobi City County. Chepkemai and Moronge (2015) determined the challenges hindering effectual strategic change managing in Kenyan Counties with the aid of descriptive research design. The study revealed how governance and leadership had the strongest positive influence on effective strategic change management. The study used descriptive research design while the current study will make use of case study research design. Munyoki (2016) sought to establish the strategic change management practices undertaken by National Bank of Kenya limited using a case study research design. The study established that the changes that were undertaken were; rebranding, downsizing, organizational alignment, culture change, introduction of new banking channels and product offering

diversification. The study however focused on banking sector. Wanjiru and Njeru (2014), carried out a study on the impact of strategic response to change on the financial performance of commercial banks in Kenya using descriptive research design. The study found that technological innovation has a strong positive relationship with banks performance. The study however focused on banking sector

None of the studies involve the City County of Nairobi and more importantly how management of strategic change can affect service delivery. This study is therefore being undertaken to fill this knowledge gap. This study there sought to fill this existing knowledge gap by asking the question on: what is the challenges of management of strategic change and performance of Nairobi City County Government?

1.3 Research Objective

To determine the challenges of management of strategic change and performance of Nairobi City County Government

1.4 Value of the Study

The findings of this study will be important to a number of organizations and individuals. Government and pseudo-government institutions will inevitably find the study useful since it they will appreciate the dynamics underlying strategic change programs. The study will bring to light the various practices concerning management of strategic change in a County Government in the context of Kenya.

The study will be a milestone in relation to the applicability of the various change management theories in third world countries. Scholars will therefore benefit from the

enriched literature from this study. Aspiring scholars will also benefit from the findings of this study following the recommendations made by the study.

The findings of the study will form a reference point for regulatory and policy formulation bodies in Kenya and globally. This is especially very relevant given rising instances of failure of change programs in the country. These bodies can track the change implementation program to forestall painful failures in implantation of change management programs.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

According to Mugenda and Mugenda (2003), literature review involves locating, reading and evaluating of previous studies, observations and opinions related to the planned studies. It is important to carry out literature review to avoid duplication of what has been done by other scholars as well as to gain new understanding of the existing body of knowledge.

Before the enactment of any strategic change, the entire change program must be thoroughly thought through and expounded. The emphasis of change must be considered in addition to the configuration of the strategic changes to the organization situation, culture, vision and goals.

This chapter presents a review of the literature on the influence of strategic change management practices on the performance of organizations as in the previous studies. It is structured on the basis of an overview of theories underpinning the study, a review of various empirical studies, strategic change management practices and strategies employed to assist stakeholders adapt to change.

2.2 Theoretical Foundation

This study is guided by the Input-process-output model and Lewin's Model. Both models support the fact that strategic change management is a process.

2.2.1 The Input-Process-Output Model

Van de Ven (1992) developed a three step model to define the process of change, and argued that the meaning of process and the theory of process are important aspects of

arriving at the definition of change theory, and as such defines change as an observed difference over time in an organizational entity on a selected dimension and includes measurable antecedents associated with change, further to that process is explained in terms of an input-process-output model in which a causal relation exists between inputs and outcomes.

Van de Ven (1993) argues further that processes are categories of concepts in which individual and organizational actions in a system in which processes are differentiated from strategy formulation and implementation and are operationalized through variables whose attributes vary along measurable scales. Pettigrew (1997), Langley (1999) viewed process as a developmental event taking place systematically.

Having described the concepts of change and process, Van de Ven and Poole (1995) identified four change theories, noting the importance of the unit of change and the mode of change in categorization of the theories, as life cycle, evolution, dialectic and teleology. In these theories of change, the unity and mode of change are the differentiating factor for the change at play, and that the idea behind this conception is that change and development processes proceed at multiple levels in the organization.

2.2.2 Lewin's Change Model

In Lewin's model, there are three steps of change which include unfreezing previous behaviour, changing and refreezing the new patterns or behaviour (Lewin, 1951). Each step is very important in administering change in an organization. The first step of 'unfreezing' involves dismantling the things that support the previous behaviour. It is the readiness to learn and acquire the new behaviour. Elements in an organization

such as approach to performance management or compensation system could be changed in the unfreezing stage (Johnson et al, 2008).

The second step of 'change' is where the organization presents a new alternative to the previous behaviour. The organization should introduce a clear and appealing option for a new pattern of behaviour (Edgar, 1996). It normally occurs when people perceive need for change and tries out new ideas that may involve new strategy. The change may be drastic or gradual depending on the nature and the changes need to be effectively planned (Lewin, 1951).

The final step of this model is the 'freezing' which requires that the changed behaviour is to be reinforced both formally and informally in the organization. Managers should use positive reinforcement in this step to have a strong influence. It involves consolidating the new practices to make them work effectively (Edgar, 1996). Lewin's model does not explicitly state the notion that simply introducing change will result in the change being adopted or being sustained over the long run.

2.2.3 Public Organization Theory

This theory was advanced by Jeffery Pfeffer. This theory focuses on the behaviors and attitudes of different employees, managers and the people within the organization. The central argument of the theory is that the negative behavior and attitudes that individuals within a company have are responsible for the low employee productivity. While positive attitudes and good behavior of the individuals within the organization will result to the highest levels of employee productivity.

The second variable that affects a company's overall performance is the effects of people's actions on the general operations of the company. Also the environment in

which the company the company orates in both internal and external has a direct impact on employees levels of productivity (Cronje 1992).

The environment includes both the political, cultural, economic as well as social environment that the company finds itself in. Mento, Locke & Klein(1992) therefore observe that in order for a company to meet its set objectives, it must properly organize itself internally, both its workers, the resources, and energies inured to deal with the outside challenges that the environment may have. In other words the company has to ensure that each employee meets his/her set targets. In order for the company to perform better.

2.3. Types of Strategic Change

Researchers tend to describe strategic change from different process perspectives. Two distinct rationales underlie most types of change: the event type and the ongoing change process (Weick and Quinn, 1999). The event type of change tends to be dramatic and involves a break with past assumptions and way of doing things (Van de Ven and Poole, 1995). As an interruption from equilibrium, it is often related to uncertainties and ambiguity which are particularly difficult to manage Van de Ven and Poole, 1995). Event type of change requires both equilibrium breaking and moving to a newly created equilibrium and this type of change is also referred to as a second order change (Watzlawick et al., 1974) or a constructive mode of change (Van de Ven and Poole, 1995) and is associated with planned, intentional change (Ford and Ford, 1995).

Lewin's (1951) found that change is inertial, linear, progressive, goal seeking, and motivated by disequilibrium. In contrast to event type change, continuous change has

small continuous adjustments, created simultaneously across units that can accumulate and create substantial change (Weick and Quinn, 1999, p.375).

Continuous change has similar characteristics to the incremental type of change (Balogun and Hailey, 2008) and is also called first-order change (Porras and Robertson, 1992). Recent studies differentiate more types of change than only event type and continuous change. Weick and Quinn (1999) argue that change is not a linear process but a spiral pattern of contemplation, action, and relapse and then successive cycles of contemplation, action, and relapse before entering the maintenance and then termination stages. Change has also been described as occurring in a cyclical manner (George and Jones, 2001) Changing an organization always implies changing people, their activities and behaviours,

Balogun and Hailey (2008) identified four types of strategic change according to the result and the nature of change in which they recognized transformation and realignment as results of change, and considering its nature, change can be implemented according to an incremental or a big bang approach. Balogun and Hailey (2008) further identified the strategic change in terms of evolution, adaptation, revolution, and reconstruction, and note that change starts according to one of the four types of change, but during the change process, adjustments are necessary, and the type of change may shift over time.

Van de Ven and Poole, 1995) developed four theoretic categories of change that includes life cycle, teleology, dialectics, and evolutionary. Life cycle and evolutionary theories operate in a prescribed modality, while teleological and dialectical theories

operate in a constructive modality. The constructive mode is related to event type change and generates unprecedented organizational forms that are often discontinuous and unpredictable departures from the past, and the four theoretic categories represent ideal types for explaining strategic change (Van de Ven and Poole, 1995). The different forms of strategic change are however not mutually exclusive.

2.4 Management of Strategic Change in the Public Sector Context

Implementation of the strategic change management practices in the public sector is a big challenge. According to Nutt, (1983) public administration research concerned with strategic change management is geared towards institutions at a national level instead of at an organizational level. A Public institution implementation of strategic change is not only dependent on the employee and content of change but also on the way it is implemented (Cohen and Brand, 1993). Recognition of the five different levels of strategic change is made by Balogun and Hailey, (2008) which include; Cultural environmental, institutional, managerial, technical, and political. This demonstrates that strategic change management practices create a dynamic set of relationships.

Public organizations vary broadly from each in their magnitude, mission, in the sector they operate. Their institutional history differ in accountability systems and relations thus for any strategic change process to be considered for the public sector all those classifications need to factored in (Balogun and Hailey 2008). Strategic change management in the public sector is challenging because the public sector has a multi-stakeholder perspective. To succeed in Strategic management in public institutions

environmental influences are merged with internal emerging dynamics, weaknesses, and strengths in the continuous process.

A number of scholars (Stewart and Walsh, 1992; Brown, 2003, Fernandez and Rainey, 2006) argue that an institution adapts the best strategic change based on their unique cultural and stakeholder perspectives but there are common mitigating factors that influence effective strategic change management. The organization needs charismatic leader or a core team who will be effective in identifying and formulating strategic change for them to be competitive. The results of leadership are felt by the multiplication factor of good results from the whole association (Mintzberg, 1979). Planning is a key to changing an organization positively. According to a report by Lynn and Stein (2003), these organizations must continuously engage in strategic change renewal to avoid reaching a point of being inert.

Management style sets a model for the organization to establish the pace of operations that influences the process of decision making creating action urges. An institution's culture influences the way functions are shared within an institution influences how strategic change management is implemented (Rainey and Chun, 2005). Strategic managers restructure the institutions to implement strategic change aimed at improving performance. According to Sminia and Van Nistelrooij (2006) organizations rely on innovation to achieve a competitive advantage and must embrace malleable structures like crossfunctional teams. These give employees platforms for experiments and to be creative.

According to Ashkenas (2013), organisational culture entails values and behaviour that guide the social and psychological environment of the organisation. Culture represents the shared values, beliefs and principles of organisational members. It is a product of other factors that include strategy, type of employees and the management style. It also includes organisational vision, values, norms, symbols, systems, language, assumptions, beliefs and habits

2.5 Empirical Studies and knowledge gaps

Sevđm (2010) did a study on change management a case study of sap implementation in a major company in China using descriptive research design, the study found that there was lack of focus on information sharing and motivational issues and the level of overall awareness, readiness and willingness to change were relatively low. However, the study was failed to clearly show the linkage between management of strategic change and organization performance. Tuan (2010), studied management accounting and organizational change, impact of alignment of management accounting system, structure and strategy on performance in Western Australia using explanatory research design, the study found that significantly different results from those studies conducted in developed countries. No clear relationship between strategic change management and performance is established

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police organization. No clear relationship between strategic change management and performance is established

Glensor (2010) in his study on organizational change management in South Africa using cross-sectional survey design argue that change is inevitable in every organization and should be managed effectively through an endemic and generic change management framework and approach for any organization to survive. The current study is based in Kenya and thus different operating environment. Rezvani et al. (2012) studied on managing strategic change for organizations in Malaysia using explanatory research design and revealed that there will be more, not less, change and it is only change which can help those firms to endure in this competitiveness market. The current study is based in Kenya and thus different operating environment. D'Ortenzaio (2012) conducted a case study that assisted in the understanding of change management and change management processes within the public sector, which involved the South African Tourism Commission. The study findings revealed that diversification strategy was the most adopted at the commission.

Ravi (2014), did a study on why all major corporate change efforts fail due to poor strategic planning in Oman banks using descriptive research design, the study found that failure of change management practices was a major impediment to the use of performance in Oman banks. Phipps and Burbach (2010) surveyed the effectiveness of strategic change management practices on the firm's competitive advantage of manufacturing firms in Netherlands using explanatory research design. The study revealed that strategic change management practices set the organisation's strategic direction. However, the study focused on the manufacturing firms and thus little can be borrowed for health sector due to differences in their operating environment.

Kamugisha (2013) studied the effects of change management with a focus on National University of Rwanda using cross-sectional survey research design. The study established that there were changes in the management of faculties and modules, downsizing, outsourcing and recruiting of more staff to fill some new posts.

Wanjiru and Njeru (2014), carried out a study on the impact of strategic response to change on the financial performance of commercial banks in Kenya using descriptive research design. The study found that technological innovation has a strong positive relationship with banks performance. The study however focused on banking sector.

Okoth (2013) studied the challenges of strategic change management at The Kenyatta National Hospital in Kenya using a case study. The study found that, challenges of strategic change management at KNH has systemic and behavioral resistance, poor communication of strategies, poor training on the new system, and inconsistent support from the senior management.

Mutindi (2013) did a research on effects of strategic management drivers on organizational performance, a survey of the hotel industry in Kenyan coast the study found that, Hotel managers, like any other managers, can use the feedback on performance to make adjustments to policies and other modes of organizational operations. However, strategic management drivers and not management of strategic change. Kimaku (2010) looked at aspects of change management in the banking industry at Barclays Bank of Kenya using case study research design. He found that Barclays Bank of Kenya used threats to induce change where resistance was expected, performance appraisal system and communication to manage change. However, the study failed to indicate linkage between strategic change management and organization performance.

Nzuki (2016) examined strategic change management practices at Barclays bank of Kenya. The study was a case study design whereby the managing director, operations manager, credit manager, financial controller and human resource manager were interviewed. It found that top management facilitated change implementation through training programmes and encouraging staff to adopt to new organisational change. However, the study failed to indicate linkage between strategic change management and organization performance. Munyoki (2016) sought to establish the strategic change management practices undertaken by National Bank of Kenya limited using a case study research design. The study established that the changes that were undertaken were; rebranding, downsizing, organizational alignment, culture change, introduction of new banking channels and product offering diversification. The study however focused on banking sector.

Chepkemoi and Moronge (2015) determined the challenges hindering effectual strategic change managing in Kenyan Counties with the aid of descriptive research design. The study revealed how governance and leadership had the strongest positive influence on effective strategic change management. The study used descriptive research design while the current study will make use of case study research design. Olaimo (2017) examined Strategic Change Management Strategies at Postal Corporation of Kenya. Case study research design was used. The study findings revealed that diversification strategy was the most adopted at the corporation. However, the study focused on Postal Corporation of Kenya and thus little can be borrowed with regards to Nairobi City County

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter reviews the research methods and designs that the researcher used to gather, analyzes, present data and discuss the findings of the research study. Some of the areas that particularly need to be covered include the research design, population, collection of data, analysis of data, and presentation.

Given that this study focused on Nairobi City County, the research design adopted was a case study. The data collection process involved the use of interview guide to collect primary data. The interview guide was be comprehensive to facilitate achievement of this study objective.

This chapter outlines the research methods that was used in conducting this study. It comprises of research design, population of the study, sample frame, data collection method and data analysis techniques and procedure.

3.2 Research Design

The research design adopted a case study design which illustrates existing links (Yin, 1984). The researcher adopted this case study design because of its ability to capture reality in great details. It allows the researcher to study the events in its natural environment, and collection of data from more than one entity.

Case studies are useful when the attention is on an event that recently happened (Yin, 1984). In this study, the focus was to find out the challenges of management of strategic change and performance of Nairobi City County Government. A case study also is suitable when the focus is on a recent event (Yin, 1984).

A case study is an empirical inquiry that investigates a phenomenon within its real-life context of one organization. In this study, the focus was to identify the challenges of management of strategic change and performance of Nairobi City County Government.

3.3 Data Collection

Data collection entails gathering and measuring information on variables of interest. This is done in a systematic way. This enables one to answer stated research questions, test hypotheses, and evaluate outcomes (NIU, 2015). This study utilized primary data.

Primary data was therefore used in this study. Data was collected by use of an interview guide. An interview guide is a list of questions that are meant to guide the researcher in the data collection process. The interview guide consisted of fifteen questions which were so derived as to enable answering the research question.

The respondents in this study were Senior Executives and Chief Officers in Nairobi County. These persons are deemed to occupy positions in which they guide the institution in the implementation of strategy and are therefore best placed to respond to the issues raised by the researcher. A total of ten officers were targeted for this study.

3.4 Data Analysis

The completed interview responses were edited for completeness and consistency after which data processing commenced. This involved reading, editing and cleaning up of the interview notes and entry into the computer. Content analysis method was be used for data analysis.

Data was analysed qualitatively by use of content analysis. Content analysis allows the researcher to analyse written, verbal or visual communication messages (Cole 1988). It has also been referred to a method of analysing documents.

Content analysis allows the researcher to test theoretical issues to enhance understanding of the data. Through content analysis, it is possible to distil words into fewer content-related categories. It is assumed that when classified into the same categories, words, phrases and the like share the same meaning (Cavanagh 1997)

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides the analysis of data and a presentation of the results. The findings are also discussed in accordance with generally accepted modalities of discussion of research findings.

4.2 Response Rate

There is a correlation between the integrity of study findings and the response rate (Hall, 2010). This means that the higher the response rate, the higher the predictive power of the findings. The current study targeted at least ten senior officers of Nairobi City County. A total of eight respondents were requested for interviews and eight of them were finally interviewed. This gave rise to a response rate of about 80 %. Such a response rate is argued to good enough for statistical manipulation of data.

4.3 Positions held by Respondents in Nairobi County

The position of a respondent is sometimes a necessary question especially when the study in question points to strategy derivation and or implementation. The current study is about the implementation of strategic change and performance. Implementation of strategic change is an exercise sanctioned by the top management and therefore the researcher found it fit to collect data from senior managers in Nairobi County.

All the respondents indicated that they occupied senior management positions in the county government. Indeed, none of the respondents occupied a position lesser than that of a Chief Officer. These are senior positions in the hierarchy of county governments. They were therefore considered good enough to provide the desired information.

4.4 Duration of Time Served at the County Government

A majority of the respondents disclosed that they had worked at the Nairobi City County for a period not exceeding three years. This may not have serious implications on their ability to provide suitable responses to the issues raised in the instrument but it was nevertheless factored in the analysis. The degree of accuracy was counterbalanced by the fact that quite a good number indicated that they had worked at the county for a period in excess of five years.

This phenomenon could be explained by the fact every five years there are elections which bring in new officials. It is however notable that on matters to do with implementation of strategic change and performance, these are continuous exercises and even incoming officials may be in a position to provide reasoned responses.

4.5 Designation of persons to take charge of change management

This question sought to establish whether there were any designated persons in charge of change management. The intention was to find out the extent of formalization of the change management process. In some organizations change management is viewed as the responsibility of everybody which ultimately has no one to hold accountability.

It was revealed that in Nairobi City County there were senior officials in charge of implementing the change process and reviewing performance of the entire process. The feeling was however that more junior staff should be involved in the management of the process which begins with planning to execution.

4.6 Determination of Direction of Change

This question was intended to determine who charge of giving strategic change direction is. It is important to establish the position or positions that are charged with this responsibility because the legitimacy and intensity and ultimate success of the strategy depends to large extent on the office that handles the change management program.

It was indicated that change management is given direction by a number of offices starting with the highest office in the county that is the office of the county governor. Other supporting offices are the office finance and personnel. The finance docket is roped in because it is the office that can provide the financial resources necessary for implementing the strategy. The personnel office is also involved because in the implementation of strategic change positions may be created and others abolished. This necessitates the presence of the personnel office.

4.7 Challenges in the Implementation of Strategic Change and Impact on Performance

This was the key question in the study. It is the question that answers the research question. The aim of asking this question was to determine the challenges that are encountered in the process of implementing strategic change and the impact of such challenges on performance. Performance in this case is operationalized using Kaplan and Norton's (1992) Balanced Score Card. Approach. From the perspective of the county government, performance is viewed in terms of achieving operational efficiency, greater employee satisfaction and retention, enhanced customer service and even achieving greater managerial adaptability.

4.7.1 Employee Resistance and Performance

It was indicated that to a large extent the greatest impediment arises from employee resistance. Literature is replete with examples of what happens when employees choose not to support the change management strategy. More often than not, these employees are likely to divert personal resources including intellectual resources away from the change management activity and thereby sabotage the entire process. It was also noted that where the change management affected senior employees, they would incapacitate the process by introducing unnecessary bottlenecks such as failing to issue notices in time, failing to mobilize juniors and in some cases even inciting their juniors.

4.7.2 Lack of Resources

Respondents also indicated that lack of resources was another challenge. These resources were indicated as either financial or human resources. On financial resources, it was noted that implementation of strategic change is a painful process financially and the county has suffered on this front. Most of the available financial resources were argued to be earmarked for other supposedly urgent projects. Sometimes the challenge of lack of resources arises because the implementing authority does not explain itself clearly to the signing officers for release of finances in a timely manner. Often times there is also suspicion between various organs which makes release of funds a challenge. It was noted that the human resource factor cannot also be overlooked. The county government may not have the personnel competent enough to implement the strategy. This has made the county government rely on outsiders or consultants to take charge of the change process. This in itself raises additional problems associated with outsiders taking charge of

the change management process. The outcomes of involvement of outsiders is that of uncooperative employees and low morale including aspects of financial sabotage.

4.7.3 Lack of Co- ordination of the Strategic Change Management efforts

The respondents indicated that there is the problem of poor coordination among the various organs of the county government. It was noted that most departments at the city county operate in a disjointed manner with each fighting for near absolute detachment from the other. Indeed it was revealed that interdepartmental communication is quite poor.

Lack of coordination was said to introduce certain challenges such as unavailability of personnel during briefing sessions, non submission of critical departmental memoranda, and general lethargy for the entire process. In terms of affecting performance, the challenge of lack of departmental coordination produces employee dissatisfaction, low morale, a feeling of marginalization among certain employees and ultimately employee flight.

4.7.4 Failure to Create Sense of Urgency

Respondents also noted that there was the challenge of failure to inculcate a sense of urgency in the employees at an early stage. The general feeling across the board for all respondents was that the management had failed to bring aboard everybody into the change program. It is noted in literature that when introducing change management into an organization, the proper starting point is creating that sense of urgency in all so that everybody sees the need for the strategic change. When employees view a strategic change as necessary, they are likely to support it with rigor and commitment because they understand the spirit and letter behind it.

4.8 Discussion

The findings indicate that one of the challenges in the implementation of strategic change is employee resistance. This finding is consistent with (Balogun & Hailey, 2008). Balogun & Hailey(2008) note that when strategy is implemented without support by the employees, it most likely backfires. To a large extent employee resistance to implementation of strategic change strategy arises because of lack of involvement in the conceptualization of the strategy or lack of proper communication. Brown (2003) posites that the cure for this problem lies in encouraging employee participation and involent at inception.

It also emerges that lack of resources is yet another of the challenges that hinder the implementation of strategic change. Balogun & Hailey(2008) argue that given the immense resource outlay necessary for implantation of strategic change programs, resource limitation is the most debilitating. This finding was also quite consistent with literature.

Lack of coordination and failure to create sense of urgency in the workforce were also cited as possible challenges to the implementation of strategy. This finding confirms the freeze- unfreeze and refreeze theory of change management (Johnson, et al., 2003). According to this theory, there is need for employees to buy-in the need for change. It is only then that their behaviour can be unfrozen for modification to accommodate the strategic change.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, the conclusions and makes recommendations on future research directions. The chapter also contains recommendations on managerial courses of action.

5.2 Summary

This study was meant to determine the challenges of implementing strategic change and the effect of such challenges on performance. Performance was measured in terms of outputs of the strategic change management strategy. Such outputs were viewed as including employee satisfaction, customer satisfaction and enhanced organizational effectiveness.

Employee resistance to the change program was viewed by respondents as one of the foremost challenges. The respondents noted that resistance by employees had the greatest impact on the performance of the strategy. Employees of the county government it was argued sabotage the strategic change management process by either not supporting it or by withholding crucial information.

Lack of resources was noted as yet another challenge that affects performance. The county government does not have the resources, both financial and personnel necessary to mount change management strategy. In the absence of resources implementation of strategy becomes a challenge.

Lack of coordination among the various departments of the city county was cited as another factor. Implementation of change management strategy requires maximum coordination across departments. When it comes to cross cutting strategies, lack of coordination obviously impedes their implementation.

5.3 Conclusion

The objective of this study was to determine the challenges of strategic change implementation and their influence on performance. From the findings, it can be concluded as follows:

One of the foremost challenges in the implementation of strategic change is employee resistance. In this case employee resistance was explained as either planned or unplanned participation and planned or unplanned sabotage of the strategic change implementation program. This has been found to affect the efficiency of the county government.

Lack of resources was also cited as one of the impediments to the implementation of strategic change. It was noted that this lack of resources is either deliberate or engineered by insiders within the county government or arises due to prioritization in terms of allocation of resources.

Poor departmental communication was the other challenge highlighted by respondents. Poor departmental communication undermines the ability of the executors of strategic change programs to do so. This, it emerged, is because of

the fact that each department wants to operate with minimal interference from others.

5.4 Recommendations

The researcher in view of the findings above wishes to make the following recommendations:

5.4.1 Recommendations for Practice

The findings of the study indicated there are a number of challenges in the implementation of strategic change which influence performance. One of this is employee resistance. From literature, it has emerged that employees sabotage or fail to support such programs when they feel that their interests are not being taken care of. It is therefore incumbent upon the management to sensitize the employees on the need for strategic change. It is then they can support it because they feel they own the process.

The findings also show that implementation of strategic change management programs fail because of lack of resources. The management has to set aside adequate resources if they wish to see successful implementation of strategy.

5.4.2 Recommendations for Future Research

The researcher wishes to recommend that future research effort be directed at understanding how challenges in implementing strategic programs affect the morale of staff and whether there is a statistical correlation between involving the employees at the initial stages of the strategy and the performance of such a strategy.

Future researches can also be designed to address the challenges of implementing strategic change in all county governments. This will give results that are more generalizable.

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APPENDIX 1

INTERVIEW GUIDE

1. What is your position in Nairobi County?
2. How long have you worked for the county?
3. Does the county have a clear change management plan?
4. Does the county have designated persons in charge of change management?
5. Is the change direction agreed on before across the board or is it determined by a few persons?
6. Are these insiders or outsourced consultants?
7. Does the county have briefing sessions with persons affected/ to be affected by change?
8. How are resources allocated for managing strategic change?
9. Are there any challenges in the implementation of strategic change programs?
10. How do the challenges impact on performance?
11. Does the county have control mechanisms in place to determine success or failure of change implementation?