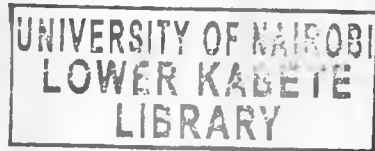


**CHANGE MANAGEMENT PRACTICES AT PZ CUSSONS EAST AFRICA
LIMITED**

By

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**A Research Project submitted in Partial Fulfillment of the Requirements for the
award of the Degree of Master of Business Administration, School of Business,
University of Nairobi**

November, 2011

DECLARATION

I hereby declare that this management research project is my original work and has not been presented for any degree award in any other learning institution.

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Supervisors Declaration

This research project has been submitted for examination with my approval as university supervisor.

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May God bless you all.

DEDICATION

I dedicate this research work to the love of my life Silvester Kinyor who encouraged me all the way and my lovely daughter Chemutai.

ABSTRACT

Improvement in technology has today led to changes in the business environment, lifestyle and a complete shift in the social life. Organizations are therefore left with no other choice but to change their strategies in order to accommodate these changes. The change management practices followed by the company determine the success or failure of the adopted strategies.

This study explores the change management practices adopted by PZ Cussons East Africa in the implementation of the changes within the company. To achieve this objective, data was collected using an interview guide from the employees representing different departments of the company located in Baba Ndogo, Nairobi.

The research study established that PZ Cussons in the recent years has experienced some change and have applied change management practices. Most notably were the drastic changes in top management, downsizing and rightsizing. The main factors that influenced the changes in the company were drastic changes in the business environment.

The study observed that the changes have not been very successful for various reasons. For instance the staff members have not been involved in the planning and implementation process and therefore did not support the changes. Others were lack of training and poor communication of the intended objectives and the uncertainties associated with any change.

LIST OF ABBREVIATIONS ACRONYM

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Change Management Process.....15

151	Managing Director
171	Platz von Zocher
175	Public Limited Company
181	Members of Town and Administration

LIST OF ABBREVIATIONS AND ACRONYM

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MD	Managing Director
PZ	Paterson Zochonis
Plc	Public Limited Company
MBA	Masters of Business Administration

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...ability, compliance and economic pressure to effect organizational change. It is
...accepted as important aspect of management and this is correct that a business
...strategy is an environment it needs a business strategy that is fit for the business
...expensive the business owner that the organization change to create more
...efficiency and improve work efficiency and business performance more
...effectively. One of the goals of this research is to contribute to the business
...owner of understanding importance of change in order to organizational response to
...the new change and address the organization's view of an internal and external
...environment.

Human efficiency varies from business, organizations, individuals, and
...employee capabilities for the organization to work as improve the performance of
...an organization. The need for change is a result of a combination of various factors
...including financial, knowledge, cultural, environmental and social factors. Due to
...pressure, the organization has to respond to a change in order to fit in the changing
...world environment.

Business is the most human resource in any country. Any change in organization
...structure of the organization environment. This is (1998) cultural and organizational
...and structure change need to yield the success and profits of their business if the
...change is to be successful. The business owner and leaders are responsible to work
...effectively with the change in response to the change in the business environment.
...Due to external and internal factors, business owner and leaders have to take the change

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

It is said that the only certain thing in life is change. Change Management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic manner to effect organizational change. It is therefore an important aspect of management that tries to ensure that a business responds to the environment in which it operates. More than ever before, the market competition has become fiercer. This has necessitated change to ensure more efficiency, more competitiveness, expanding the leading edge and becoming more interdependent. One of the goals of Change Management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation.

Higher efficiency comes from inner-energy, self-motivation, self-worth, and complete understanding for the entire process in order to improve the performance of an organization. The need for change is as a result of a combination of various factors including economic, technological, cultural, environmental and social factors. Due to this end, the organization has to reorganize its activities in order to fit in the changing work environment.

Resistance is the first human reaction to any change. Any attempt to undertake changes in the organization faces resistance. Duck (1993) observed that organizations that introduce change need to gain the hearts and minds of their members if the change is to be successful. By building support and helping an organization's staffs understand why the change is occurring and what is to be gained from it, management can be ensured much greater success in the end. Duck states that the reason

organizations fail at change is because they simply fail to understand who people inherently are and what goes on in organizations. People want to be a part of the process of re-thinking, redesigning and re-structuring of what is happening. When this is allowed, he observes that there becomes a natural sense of ownership and investment. A comprehensive assessment of the existing situation, including both organizational and individual readiness, is crucial when introducing change in an organization. The current state of any organization, including leadership responsibilities, established communication mechanisms and potential for the future developments can provide significant insights and may directly impact future actions.

1.1.1 Change Management.

Change Management has been defined differently by scholars. However, they all agree that change is necessary if the organization is to remain competitive and achieve the desired targets in the ever changing environment.

Val Fuentes (2003) identified organizational change as an empirical observation entity of variations in shape, quality or state over time after the deliberate introduction of new ways of thinking, acting and operating while Hill and Jones (2001) view it as a move from a present state to a future state that increases competitive advantage.

Burnes (2004) states that in complex conditions, organizations face environments difficult to comprehend. There is therefore a combination of uncertainty and complexity. Rapid and unprecedented changes occur due to economic, technological, cultural and social factors. Organizations have to learn to cope with complexity and one way would be for the top management to recognize that specialists lower down

know more about the environment in which the organization operates and that the top management and have considerable influence.

Ansoff and McDonnell (1990) observe that changes have been increasingly complex and discontinuous from past experiences. They summarize the consequences of the acceleration of change as an increasing difficulty in anticipating change sufficiently in advance to plan timely response; the need for flexibility and timely response which could be anticipated in advance. They observe that unlike changes which arose out of uncertainties in traditional business, there is a new kind of turbulence from unaccustomed and unfamiliar sources including foreign technologies, foreign competitors and from governments. Such change pose major threats or opportunities to the firms technology, loss of market share, increased costs, more competition and new entrants to industry. As the environments become more and more turbulent, it becomes necessary to arrest the threats to avoid disastrous impacts.

According to Johnson and Scholes (2002) Change Management is the deliberate and coordinated actions taken to transform an organization to overcome environmental challenges in order to achieve its objectives, hence organizations are undertaking strategic changes in order to align their business strategies to the environment thereby watching the resources and activities of an organization to that environment

Smith (1998) observes that Change Management is a process which involves four broad categories. First the organization plans to determine the need for change and then creates a Change Management team to develop a plan of action. The second stage is the implementation and management where the change plan is executed. The focus is on implementing, managing and maintaining the change process so that the

change is effected smoothly. Third, tracking and monitoring instruments are developed to assess the success or failure of the change so that necessary adjustments can be made. The final stage is a continuous tracking and monitoring of change until it is institutionalized.

To manage change effectively involves the ability to create new synthesis of people, resources, ideas, support and demands. A manager needs skills that include vision and creativity. People must be influenced, departmental boundaries crossed, new ideas accepted, new ways of working embraced and new standards of performance and quality achieved. Support must be mobilized, coalitions built and supported, opposition identified and considered.

1.1.2 Background of P Z Cussons East Africa Limited

PZ Cussons East Africa Limited is a fast moving consumer goods company and a unit of the PZ Cussons Group which has a global presence in over fifteen countries.

Webstersonline dictionary (n.d) indicates PZ Cussons was founded in 1879 as a trading post in Sierra Leone by George Paterson and George Zochonis as Paterson Zochonis. The company expanded its operations into nearby Nigeria before the end of the 19th century. PZ expanded considerably during the 20th century, acquiring factories and establishing offices in Ghana and Kenya. In 1975 the company acquired Cussons Group (founded by Thomas Cussons). Later that century more offices and factories were acquired in Asia, with PZ's first factory built in Thailand in 1986, and operations expanded into Indonesia in 1988. In 1993 PZ bought the state-owned Pollena Wroclaw in Poland, followed in 1995 by Pollena Uroda and in 2002 Paterson Zochonis Plc was renamed PZ Cussons Plc

PZ Cussons is an entrepreneurial, international company, enhancing the lives of consumers in selected markets, with quality, value and innovative products. They operate in selected markets that have the potential for future growth, both in mature and emerging markets. Its presence across Africa, Asia and Europe ensures a naturally balanced portfolio of global markets, which are continually reviewed to ensure they provide the group with the best opportunities for profitable growth.

PZ Cussons Kenya started in 1960 while the Ruaraka soap factory was completed in 1990. The company deals with manufacture and marketing of soaps, toiletries, medicaments and household products. Imperial Leather, Venus (ethnic skin and hair) and Ushindi (laundry soap) are the company's main brands, with all of them having leading positions in their segments. The company employs approximately three hundred and thirty people, and has a total of three depots; Nairobi, Mombasa servicing the Coastal area and Kisumu which is located close to the Ugandan border. They develop leading brands for the markets. Whilst some have global reach, the majority of brands are sold only in local and regional markets. Their strategy is to grow these brands so they achieve category leading positions in their markets and continually review and expand the categories in which we operate to ensure profitable growth. They operate world class supply chain networks that enable them to deliver their brands quickly and efficiently to our local consumers. The group operates in a variety of markets, including mature markets as well as emerging exciting vibrant markets offering potential for future growth. PZ Cussons Group strategy is built on four core principles: selected markets, leading brands, world class supply chain and a great team of people.

The company faces stiff competition in the manufacturing industry from other local companies and cheap imports and to cope with the challenges a change in strategy was necessitated. It has experienced and is still experiencing change which has occurred because of various factors. Changes in the environment due to internal urgency; whereby there have been changes in the top management to low level employees. There have been drastic changes in management in PZ Cussons East Africa for the last five years with three Managing Directors having been appointed. An operations director was sourced locally as the company needed a transition changes, they were introduced with a goal of making the company competitive.

1.2 Research Problem

Strategic change can be seen as matching the resources and activities of an organization to the environment in which it operates. Change in organizations usually result out of either internal or external environmental factors that interfere with the achievements of set goals and objectives (Kanter, 1984, Hamel and Prahalad, 1994, Kotter, 1996). Every change comes in a unique way and its successful management are related to the set of values, resources, and skills of the organization. The management of change is an important discipline in today's ever changing business environment. Change is never easy, and managing it in a large corporate environment is even more challenging. These challenges at the organizational level have elevated the importance of managing change and in particular, the managing of employees' change experiences. This is because massive change has an impact on all facets of organizational members as it can create new dimensions of greater uncertainty (Brown and Harvey, 2006). Hence, it is important to ensure good coordination, strong leadership, and clear communication while managing various changes simultaneously.

In the last decade, there has been an acceleration of the magnitude and pace of change across the globe (Mbogo 2003). These changes have cut across political, economic, social and technological advancement. There is evidence of past researchers that organizational Change Management is a useful tool to facilitate successful cultural transformation to ensure that the change outcome is positive. These studies include Nyamache (2003), Rukunga (2003), Muturi (2006), Kiini (2007) and Kiptoo (2008).

In the study by Kombo (1997) firms in the motor industry made strategic changes in response to the changed competitive environment due to importation of second hand vehicles into the country. They had to change their target customers, improve customer service, undertake promotions as well as offer good price discounts. Njau (2000) in a study on strategic responses by East Africa Breweries Limited observed the need for change in strategies due to changes in business environment as was the case due to competition.

Due to the tremendous change in the social, economic and technology advancement, lifestyles have changed calling for a rethink in strategy to continue win the customers. Being a fast moving consumer goods company, PZ Cussons has not been spared and has to re-align itself with the changing social trends. The study seeks to provide an in-depth view on Change Management practices adopted by PZ Cussons East Africa Limited and to fill the knowledge gap that exists in the fast moving consumer goods division

1.3 Research Objective

The objective of the study was to determine the change management practices adopted by P Z Cussons East Africa Limited.

1.4 Scope of the Study

The study was conducted at PZ Cussons East Africa Limited premises located in Baba Ndogo area in Nairobi. Out of a workforce of thirty five management and seventy union sable and permanent employees, with seven departments. A total of thirty five people, ten of whom are in management and twenty five union sable were interviewed. Fourteen of them were female while the others were male.

1.5 Value of the study

The findings of the study will help the management of PZ Cussons to approach change in a systematic way to have positive outcomes. The findings will also assist other organizations undergoing changes to adopt best practices. The findings will also be useful to scholars to fill a knowledge gap, extend and refine further research to validate the findings on change management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter explores Organizational Change, the theories on Change Management, Change Management, Factors that influence Change and Resistance to Change, it also reviews previous researches and the findings by other scholars on the same area.

2.2 Organizational Change

Change involves reshaping of the organizational design, element and culture. The changes are systematic and revolutionary and result in fundamental alteration of the entire nature of the organization. Transformational change involves choices organizations make to improve their competitive advantage and to achieve a favored position amongst their competitors.

Change may occur when organizations are facing highly turbulent environments, such as firms in high technology, entertainment, bio technology, where timing is critical, technology change is rapid and competitive pressures are relenting and difficult to predict. In this case, focus should be made on learning, changing and adapting constant flow of new strategies and designs and not just on how to transform existing ones to generate new forms of competitive advantage..

In their study on a large number of organization transformations, Tushman, Newman and Romanelli (1986), argue that transformational change occurs in response to at least three kinds of disruptions. These are the industry discontinuities resulting from sharp changes in legal, political, economic and technological conditions that shift basis for competition within an industry, Product life cycle shifts as a result of changes in product life cycle that require different business strategies and internal

company dynamics due to changes in size, corporate portfolio strategy or executive turn over. These disruptions force the organizations to re-look their business strategy and in turn, their mission, values, structure, system and procedures.

Trans-organizational changes are also options where interventions move beyond the single organization to include merging, allying or networking with other organizations.

Boyne's (2003) review of research found that resources is one of the important factors for improving public services and hence, bringing about change. He argued that Planned organizational change involves a redeployment or redirection of scarce organizational resources toward a host of new activities, including developing a plan or strategy for implementing the change, communicating the need for change, training employees, developing new processes and practices, restructuring and reorganizing the organization, and testing and experimenting with innovations. He concluded that failure to provide adequate resources in support of a planned change leads to feeble implementation efforts, higher levels of interpersonal stress, and even neglect of core organizational activities and functions.

2.3 Change Management Theories

Various theories have been put forward to explain the concept of Change Management. These theories are the traditional, the Linear paradigm, Systems Theories, Critical Theory and Resource Based View and are discussed in the following paragraphs.

2.3.1 Traditional Theory

The theory was proposed by Carnall (2006) and views leadership as the key source of energy for any significant change to become successful at various levels of the organizations. The clinical school of thought stresses that the engagement of individuals and teams is central to success or failure of any intended change. Themes such as resistance to change, team effectiveness and dynamics become affected by changing circumstances and the leadership dynamics of change are important.

2.3.2 Linear Paradigm

The linear school of thought is a managerial approach that tends to describe change as a series of steps from vision to implementation; they tend to understate the role of external stake holders such as governments, shareholders and others. It reflects on the influence of Lewin's well-known three stage model of change (Lewin, 2004). The three steps involved are; unfreezing, a stage within which those involved come to recognize that things must change, moving, where new ideas are tested and new ways of working merged. The final stage is refreezing where new behaviors, skills and attitudes are stabilized and commitment to change is achieved.

Kotter (1996), identifies eight stages which are establishing a sense of urgency, creating the guiding coalition, develop a vision and strategy, communicating the "change vision", empowering employees for broad based action, generating short term wins, consolidating gains and producing more change and anchoring new changes in the culture.



2.3.4 Systems Theory

It is claimed by its adherents to take the whole system into account as the basic unit of analysis. Systems dynamics provides the analytical means of modeling social systems and can allow the study of various design options when rethinking an organization the flow is largely on how to choose rather than on how to change.

2.3.5 Theory of Emergent Change

The theory focuses not on a particular change programme but rather on the characteristics and processes associated with achieving breakthrough change to sustained competitive advantage. The essence of the approach is to say that organizations need to plan to provide certain defining characteristics of successful operation and ways of deciding working and performing.

2.3.6 Critical Theory

Critical theories of organizational change result from the emergence of rapidly changing markets, and significant changes of consumer expectation and taste require even more flexibility of response. This body of theory relates to a social constructivist critique of positivism. The idea that management is neutral is rejected. It seeks to understand two knowledge domains, one of which arises out of our human practices of interpersonal life and a third knowledge domain emerging out of our capacity for reflection Harbenas (1974).

Post Modernism places language and discourse at the centre of analysis. Post Moderninsist thinking has led to work seeking to codify and understand discourse about strategy and to look at the idea of strategic credibility. Here the strategist needs

to deploy narrative devices both to ensure credibility and to create a sense of novelty and presenting strategy.

Darwin. Johnson and McAuley (2002), came up with a complexity theory which provides a convincing survey of the emergence of complexity theory within an organization behavior literature. They note that the fundamental idea underlying to application of this body of theory is that of the complex adaptive system, defined as a network of agents acting in parallel, often interconnected, ways but without any command and control framework.

2.3.7 Resource Based View Theory

Resource based view derives from the observation that business success cannot be explained wholly by market factors. Strategic management comprises means of identifying vision, strategy, business model and strategic implementation while Change Management deals with behavior, structures and configurations, delivery and so on. Both are underpinned by ideas such as creativity, adaptability and innovation. The resource-based view (RBV) argues that firms possess resources, a subset of which enables them to achieve competitive advantage, and a subset of those that lead to superior long-term performance. Resources that are valuable and rare can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource imitation, transfer, or substitution. In general, empirical studies using the theory have strongly supported the resource-based view. Strategic management models use resources and capabilities to drive strategic change.

2.4 Change Management

Hill and Jones (2001), view Change Management as a move from a present state to a future state that increases competitive advantage. They further suggest the following in addressing Change Management determining the need to change, determining obstacles to change, implementing the change and finally evaluating the change.

Kanter (1997), proposes that Change Management will require, tuning into the environment, challenging assumptions, crafting a vision, using diplomatic skills to get favorable responses, keeping actions moving by handling resistance, maintaining the momentum, incorporating emergent developments and never losing sight of the overall goal.

According to Johnson and Scholes (2002), Change Management is the deliberate and coordinated actions taken to transform an organization to overcome environmental challenges in order to achieve its objectives, hence organizations are undertaking strategic changes in order to align their business strategies to the environment thereby watching the resources and activities of an organization to that environment.

The Change Management process is the sequence of steps or activities that a Change Management team or project leader would follow to apply Change Management to a project or change. Based on Prosci's research of the most effective and commonly applied change, most Change Management processes contain the following three phases:

Figure 1: Change Management Process

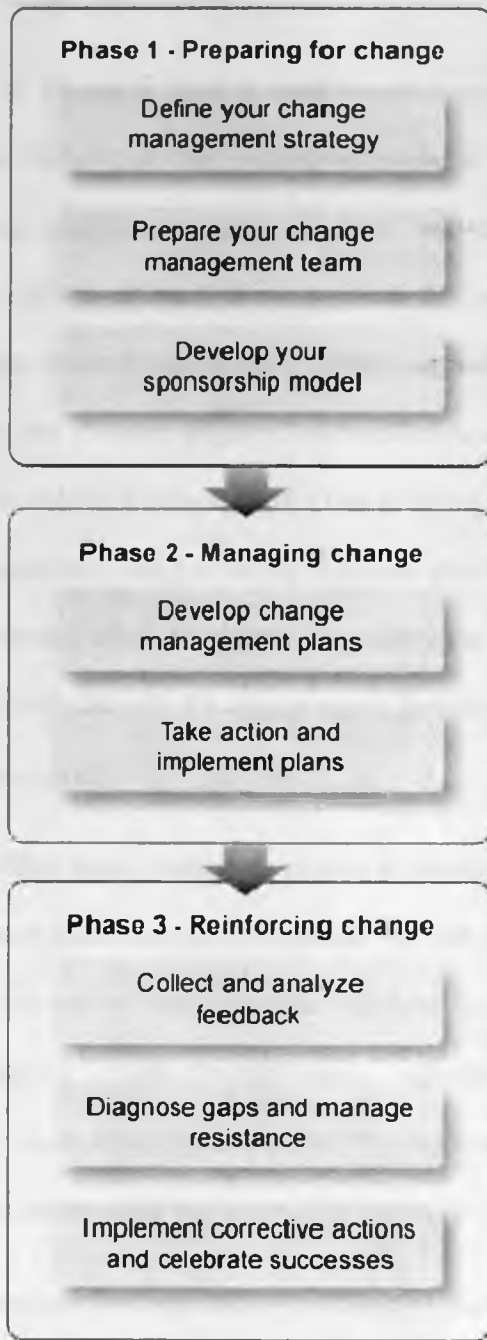


Figure 1: Change Management Process (Source: Change Management Process, 2010)

2.4.1 Models of Change Management

Models in Change Management include:

Burnes (1998) Action- Research which is based on the emphasis that change requires action and also the recognition that successful action is based in analyzing the situation, identifying possible alternative solutions and choosing the one most appropriate to the situation at hand. Its importance lies in providing a scientific method for managing planned change. Cole (2004) suggests that steps involved in Change Management are: Problem diagnosis and tackles the issues or the roadblocks. The stage requires the help of a change agent. Data gathering and analysis and tackles where the problem is and how big it is. Group feedback which facilitates ownership of the problem and proposed solutions. Action step where the relations are tested and implemented usually with the aid of a change agent. Evaluation of the achievements and learning then take place.

Barbara (1997) identifies three overlapping phases in strategic Change Management. These are a description phase: this involves describing and diagnosing the situation, understanding what is involved, and setting the objectives for the change. The option stage involves generating options for the change, selecting the most appropriate option, and thinking about what might be done. The implementation phase involves putting feasible plans into practice and monitoring the results.

Ansoff (1999) recommends four approaches to managing discontinuous change which are the coercive method, the adaptive method, the crisis method and the managed resistance method. The coercive method is applicable where there is high urgency. It has the advantage of speed but has a shortcoming of being highly resisted. Adaptive

method is applicable where there is low urgency and its main advantage is low resistance. Crisis management method is applicable where there is threat for survival. Managed resistance is applicable under conditions of moderate urgency.

Johnson and Scholes (2002) propose a model that emphasizes structures and control systems, organizational routines, power and political processes, timing, job losses and delaying and visible short wins as important change levers that need to be used to manage change successfully.

Rose and Lawton (1999) have proposed a model for public sector Change Management. They propose a dozen action steps to managing change in the public sector; assuring support of the stakeholders; using leadership to generate support for change; using symbols and language to stress the importance of change; building stability to reduce uncertainty and anxiety; surfacing dissatisfaction with present state to demonstrate the need for change; participation in change to build ownership; rewarding behavior in support of change; making time and opportunity to disengage the present state; developing and communicating a clear vision of the future; using multiple and consistent leverage points; developing organizations arrangements for the transition and building in feedback mechanisms.

Chin an Binee (1976) see three principal alternative strategies for introducing change, as follows: an Empirical – rational where it is assumed that people will accept changes if they see that it is in their self-interest to do so; Normative- reductive where change is introduced gradually by means of a process of reeducation in which old norms (i.e. standards of behavior), are replaced by new norms over a planned period

of time: Power-coercive where change is forced through by virtue of the power held by the management, and where sanctions can be threaten against inter-compliance.

According to (KottlerInternational, n.d) the eight Step Process outlined by Professor Kotter, organizations can avoid failure and become adept at change. By improving their ability to change, organizations can increase their chances of success, both today and in the future. Without this ability to adapt continuously, organizations cannot thrive. Dr. Kotter has proven over his years of research that following this 8 Step process will help organizations succeed in an ever-changing world. They include: Acting With Urgency, Developing the Guiding Coalition, Developing a Change Vision, Communicating the Vision Buy-in, Empowering Broad-based Action, Generating Short-term Wins, Don't Let Up and Make Change Stick - Articulate the connections between the new behaviors and organizational success. Develop the means to ensure leadership development and succession.

The ADKAR model was developed by an independent research company based in Colorado-USA, specialized in the domain of Change Management. This model empathizes on five basic steps that are necessary for the successful implementation of change in an organization. These steps are:

Awareness: making employees at every level understand why change is necessary. Workers must understand that change does not come simply from the desire to do things differently but in order to improve on business activities and stay ahead of competitors. Desire: after making employees understand how essential change is for the survival of the organization, the next step will be making them have the desire to support and actively participate in the change. Knowledge: providing the necessary

education and training required to implement the changes. High levels of awareness and desire will prove useless if the necessary knowledge of how to change to accomplish the perceived goals is lacking. Ability: Along with the knowledge of how to affect successful change, employees must be provided with the specific training and information to achieve success and in implementing the details of the changes to be made. Reinforcement: Fostering and encouraging determination and persistence – ongoing change – supporting ongoing progress reporting. Achieved and future milestones must be highlighted. The final goal is to weave change into culture of the organization.

In 1984, Rosabeth Moss Kanter's study of US companies identified two different way in which a companies approached innovation. An Approach which she called the integrative approach described firms that dealt holistically with problems saw change as a threat, while others unwilling to alter the balance of overall structure known as segment lists. She argued that the most important motive for innovation in a business enterprise is to improve the organization's ability to meet and satisfy customer needs. The study concluded that for companies to become integrative, they need power skills which are used in persuading others to invest time and resources in new initiatives, skills in managing problems arising from team work and employee participation and an understanding of how change is designed and constructed in an organization.

Damanpour (1991) and Tsoukas (1996) in their study of manufacturing industries in China view organizational change as proceeding in two areas; technical and administrative. Technical organizational changes pertain to products, services, and production process technology; they are related to basic work activities and concern

products, service or process. Such changes might be the results of implementing an idea to develop new products, a process to improve production efficiency, or a new way to enhance product quality. In contrast, administrative organizational changes involve organizational structure and administrative processes directly related to its management

In (100ventures, n.d) describes the Seven-Ss' is a framework for analyzing organizations and their effectiveness. It looks at the seven key elements that make the organizations successful, or not: strategy; structure; systems; style; skills; staff; and shared values. Consultants at McKinsey & Company developed the 7S model in the late 1970s to help managers address the difficulties of organizational change. The model shows that organizational immune systems and the many interconnected variables involved make change complex, and that an effective change effort must address many of these issues simultaneously.

The 7-S model is a tool for managerial analysis and action that provides a structure with which to consider a company as a whole, so that the organization's problems may be diagnosed and a strategy may be developed and implemented.

The Tao of a Winning Organization is to be effective, your organization must have a high degree of fit, or internal alignment among all the seven Ss. Each S must be consistent with and reinforce the other Ss. All Ss' are interrelated, so a change in one has a ripple effect on all the others. It is impossible to make progress on one without making progress on all. Thus, to improve your organization, you have to master systems thinking and pay attention to all of the

seven elements at the same time. There is no starting point or implied hierarchy - different factors may drive the business in any one organization.

Shared Values : Shared values are commonly held beliefs, mindsets, and assumptions that shape how an organization behaves – its corporate culture. Shared values are what engender trust. They are an interconnecting center of the 7Ss model. Values are the identity by which a company is known throughout its business areas, what the organization stands for and what it believes in, its central beliefs and attitudes. These values must be explicitly stated as both corporate objectives and individual values.

Structure: Structure is the organizational chart and associated information that shows who reports to whom and how tasks are both divided up and integrated. In other words, structures describe the hierarchy of authority and accountability in an organization, the way the organization's units relate to each other: centralized, functional divisions (top-down); decentralized (the trend in larger organizations); matrix, network, holding, etc. These relationships are frequently diagrammed in organizational charts. Most organizations use some mix of structures - pyramidal, matrix or networked ones - to accomplish their goals.

Strategy are plans an organization formulates to reach identified goals, and a set of decisions and actions aimed at gaining a sustainable advantage over the competition. Systems define the flow of activities involved in the daily operation of business, including its core processes and its support systems. They refer to the procedures, processes and routines that are used to manage the organization and characterize how important work is to be done. Systems include: Business

System, Business Process Management System (BPMS), Management information system

Style refers to the cultural style of the organization, how key managers behave in achieving the organization's goals, how managers collectively spend their time and attention, and how they use symbolic behavior. How management acts is more important than what management says. Staff refers to the number and types of personnel within the organization and how companies develop employees and shape basic values. Skills refer to the dominant distinctive capabilities and competencies of the personnel or of the organization as a whole.

According to (Cole, 2004), Kurt Lewin developed a Three stage approach to changing behavior. This comprises of three main steps which are unfreezing existing behavior, changing behavior and refreezing new behavior. The unfreezing stage is aimed at getting people to see that change is not necessary but desirable. It involves encouraging individuals to discard old behaviors by shaking up the equilibrium state that maintains the status quo. Organizations often accomplish unfreezing by eliminating the rewards for current behavior and showing that current behavior is not valued. By unfreezing individuals accept that change needs to occur.

The change stage is mainly a question of identifying what needs to be changed in people's attitudes, values and actions and then helping them to acquire ownership of the changes. The role of a change agent is crucial at this stage. New attitudes, values and behaviors are substituted for old ones. Organizations accomplish moving by initiating new options and explaining the rationale for the change, as well as providing training to help employees develop the new skills they need.

The refreezing stage is aimed at consolidating and reinforcing the behavior by various support mechanisms which include encouragement and promotion. Refreezing is the final step in the change process: new attitudes, values and behaviors are established as the new status quo. The new ways of operating are cemented in and reinforced. Managers should ensure that the organizational culture and formal reward system encourage the new behaviors and avoid rewarding the old ways of operating.

The three step approach proposed by (Cole, 2004), Kurt Lewin that is described above would have been the ideal approach in the study as it ensures participation by everyone in the company which would lead to acceptance and thus yield to the objectives of the change been realized.

2.5 Factors that Influence Change

In this section, the study highlights the main source of changes. This is because the change is driven by factor either within or without the business enterprise.

2.5.1 Technology

Technology keeps advancing with the use of the internet, new production processes and changes in transport technology. Advances in Information Technology generally impacts on organizational environment as well as creating opportunities. Westbrook (2000) in a study on innovation and change concluded that production techniques have revolutionized product manufacturing. He argued that due to speedy changes in production machine, customized 'one-off' products can be made and launched into the market through internet based communication. Bateman and Zeithaml (1999) note that the most constructive change takes place not because of problems but because of opportunities. They used the term "performance gap" to describe the difference

between a company's actual performance and the performance of which it is capable. Recognition of a performance gap often provides the impetus for change, as companies strive to improve their performance to expected levels. This, they conclude is also where many entrepreneurs find opportunities to begin new businesses.

2.5.2 Political Environment

Government policies, laws and actions have a profound effect on the world business. The role of the governments is to bring economic prosperity to their country though they can act as law makers at more micro levels. Political environment has enormous influence on the type of change and how the influences might be managed. Examples include governments' legislature, ideology, international law, local regulations, tax and trade unions.

2.5.3 Social-cultural Environment

Demographic trends, lifestyle changes, skills, attitude to work and employment and gender issues influence the way organizations are set up. Examples of how changes in the socio-cultural environment influence people attitude to work trigger changes where changes in family structures where men or women may wish to stay home to look after children. In Kenya, the huge population consisting of youth in the country has forced business to refocus their attention to the requirements of this age group. Greve (1998) and Miller and Chen (1994) highlighted three essential facets of the drivers of organizational changes: motivation, opportunity, and capability. First, the motivational component suggests that incentives (e.g., poor performance) must exist for firms to question their existing course of action and search for new methods. Secondly, firms must be aware of the change requirement and find attractive

alternatives before they can change. Thirdly, organizational change scholars claim that the capability to change is important because firms may initiate changes that are inhibited by organizational constraints. They concluded that given the existence of these factors, the organization undertakes changes in its operation.

2.5.4 Economic Environment

The economic environment may comprise of competitors, suppliers, currency exchange rates, employment, interest rates and many more. Since organizations operate with the main aim of making profit or in the case of public sector within a budget, issues regarding competitors, tax, skills availability etc. determine their ability to compete. Internal factors may also triggers change such as an organization becoming unionized or de-unionized, a new Chief executive or senior management, new marketing strategy and staff redundancies. Zhou, Tse and Li (2006) in their study on organizational changes in emerging economies found that location provides opportunities for firms to change. Firms located in less developed areas have limited access to new ways to run businesses, and therefore tend to change less in administrative areas. However, they did not find that location impeded firms from undertaking technical changes. Possibly, information about technical processes such as new product development and product improvement may be relatively easier to obtain across regions. Firms could improve their technical changes further by following a market-oriented culture, which enable them to understand what customers want and then improve their offerings to better serve their customers.

2.6 Resistance to Change Management

Resistance to change is often understood from the management standpoint as a perceived behavior of organization's members who refuse to accept an organizational change. Coghlan, (1993). It is a multifaceted phenomenon which introduces unanticipated delays, costs, and instabilities into the process of a strategic change.

(Carnall 2006) argues that people are inherently resistant to change whether for personal or institutional reasons. Strategic change can be met by opposition from stakeholders, whether key professionals, other vested interests, unions and the like. Although this is true, much of what is referred to resistance to change is really resistance due to uncertainty. Thus the resistance derives from the process of handling and managing change and not from the change as such.

Johnson and Scholes (1999) note that resistance can be minimized through, timing the change, identifying where job losses and delaying should take place and implementing visible short term wins. Without proper leadership, employees will remain skeptical of the vision for change and distrustful of management and management will likewise be frustrated and stymied by employee's resistance to change. Ansoff & McDonnell (1999) conclude that the level of resistance to change is determined by the following factors: the degree of discontinuity in the historical culture and power implied by the change: the strength of positive or negative loyalty towards the organization felt by the stakeholders.

Furst and Cable (2008) in a study on employees' resistance to change noted that can be used by managers can use several techniques to gain cooperation from employees. These are: sanctions, legitimization, ingratiation, and consultation. The first two

techniques are hard tactics, while the second two are soft tactics. Managers are therefore advised to be selective in the methods they use to encourage cooperation with change. They concluded that good manager-employee relations are effective in decreasing resistance to change.

Robbins (2001) further identified five factors for such resistance: habit, security, economic factors, fear for the unknown, and selective information processing. When employees are highly engaged in the job, they are more receptive to all tasks associated with the change initiatives. In such case, employees are more likely to perceive that their organizations are fully prepared to implement organization-wide change.

Lou (2003) revealed that when employees are aware of the fact that organizational change being implemented will provide benefits for their work (this refers to as change benefits), they will full-heartily support the change initiatives and highly involve in the change process. And, this will increase job satisfaction for employees.

Folger and Skarlicki (1995) investigated resistance to change as a response to the treatment employees receive in the change process. Specifically they focuses on resentment-based resistance -reactions by disgruntled employees regarding the perceived unfairness of the change. They claim that "resent-based resistance behaviours, which can range from subtle acts of non-cooperation to industrial sabotage, are often seen by the perpetrators as subjectively justifiable - a way to "get even" for perceived mistreatment and a way for employees to exercise their power to restore perceived injustice".

Piderit (2000) points out that what some managers may perceive as disrespectful or unfounded resistance to change might be motivated by an individual's ethical principles or by their desire to protect what they feel is the best interests of the organization. Employee resistance may force management to rethink or reevaluate a proposed change initiative. It also can act as a gateway or filter, which can help organizations select from all possible changes the one that is most appropriate to the current situation. According to de Jager (2001), "resistance is simply a very effective, very powerful, very useful survival mechanism".

2.7 Overview of the literature review

Many theories have been put forward to explain Change Management practices. Each provides its own views and suggestions on the best Change Management practices. Different studies have found different results depending on where they are undertaken. However, they all agree on the importance of undertaking carefully the change process and involvement of all the stakeholders in the planning and implementation stages to reduce resistance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodological approach used to analyze the Change Management practices adopted by PZ Cussons.

3.2 Research Design

The study uses a case study method. Yin (1984) defines a case study as an empirical enquiry that: investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. The reason for using the case study methodology is that it allows for an in-depth, detailed understanding of a specific phenomenon within a bounded system.

3.3 Data Collection

Primary data collection method was used. A personal interview with a structured and unstructured interview guide was used to collect data from the sample (Appendix 1 attached) was used. In designing the instrument, special focus was paid to ensure achievement of the set goals and objectives of the study. The interview guide was divided into two sections. The first section was on the characteristics of the respondents regarding the age, gender, education levels, marital status, current department and position. The other section provided was aimed at understanding the change management practices of PZ Cussons. Interview schedules were used to collect data from key informants.

3.4 Data analysis

Thorough editing of the data collected was done to check for internal consistency and categorized into information that could target the objectives of the study. Content analysis which is a systematic qualitative description of the composition of objects or material of study. It involves observation and detailed description of objects, items or things that comprise the study. This was used as this measured the selected context, its breadth makes it flexible as it helps to expound the feelings of the respondents on how the company had adopted to change. This approach had been used previously by Koigi, (2000) and Ichangi, (2006).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a comprehensive presentation of the findings of the study. The chapter provides a descriptive analysis of the respondents before presenting the findings on the Change Management practices in PZ Cussons.

4.2 Research findings on Change Management

The study involved thirty five members of staff of PZ Cussons from all the eight departments. The oldest respondent was fifty one years while the youngest was twenty one years. There was no discrimination on age and therefore reported as they were. The number of employees with thirty years and below represented 58.76% of the total sample size. The sample study was made up of 40% female while 60% male. On the marital status, 58.82% of the employees were single while 41.18% were married. The period worked by the respondents varied widely from one respondent to the other. The longest serving staff member had worked for sixteen years while the shortest serving staff had worked for only two months. Those who had served least time were mainly in the sales and marketing department while the long serving one were mostly in the production department. This confirmed the high turnover in the sales department to other companies dealing with similar consumer goods.

Results on change management practices are discussed under five main headings; awareness of change, factors that necessitated change, objectives of the change, change process, effects of change. These are discussed below.

4.2.1 Awareness of Change.

This section was aimed at understanding whether the respondent were aware of any changes that had been undertaken by the company within the period that they had worked there. The respondents gave various opinions as to the existence of changes in the organization. A very important point that came out was that there had been a lot of changes in the organization irrespective of their magnitude and effects. This was corroborated by the management who confirmed having initiated various changes to improve the performance of the company. The only negative fact that came out very clearly is the fact that some changes were introduced without their knowledge and they were caught unaware by the changes.

4.2.2 Factors that Necessitated the Change

The section was aimed at getting the reasons that called for the changes in the company. When asked whether the changes were necessary, they gave a mixed reaction. The respondents representing the management confirmed that the changes were necessary while the non-management respondents were of the view that some of the changes were not necessary. They for instance cited the idea of reduction of staff as unnecessary since it had resulted to huge work without compensation for those who were retained. The main reason that came out very strongly from majority of the respondents was that the changes were aimed at reducing costs to the company. Some other respondents did not know why the changes were introduced. From the management, the main point was that the changes were driven by the forces both internal and external and the company had to respond by instituting the necessary changes in order to remain competitive in the market. They attributed the continuous increase in the market share by the company to the various changes undertaken by the

company over the last few years. The most notable reaction from the response was that the members were either not made aware of the changes or the reasons why they were necessary.

4.2.3 Objectives of the Change

The aim was to determine the main objectives of the changes in the company during the period. This is an area that generated a lot of debate. Whilst management viewed the changes as a response to internal and external forces that affected the company's performance, the other respondents gave varied perceptions as to the objectives. Reduction of operating costs emerged clearly as the main reason from the majority of the respondents. Other respondents argued that this was as a result of the drive to increase sales revenue by introducing new technologies and products. Perhaps the most interesting objective given was that the company wanted to humiliate and expel staff members who were viewed as not friendly to the management. The differences in views suggested that in as much as they agree objectives were positive, the respondents were either not made aware of the objectives or they were not clearly explained to them.

4.2.4 Change Process

The aim was to understand whether there are procedures followed during the implementation of the changes. The respondents confirmed that change champions thought to be more supportive to the processes were appointed to oversee change process. The majority of the respondents felt that the change implementation process had not inclusive. Majority of the respondents described the process as "non-consultative" and "imposive". One thing that came out very clearly was the fact that

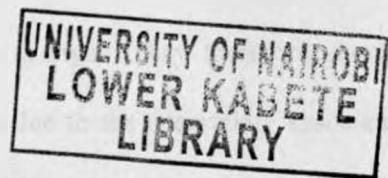
no proper consultation and communications were done prior to the implementation of changes. They were also concerned that most of their suggestions were never incorporated in the process. When asked about their support for the changes, mixed reaction was evident. While some confirmed to support the changes, others were very reluctant to support the process. Majority of those who did not support the process cited job security as the main reason. Others maintained that they could not understand the reason for the changes. Others still thought that the management had imposed the changes without consultations and where they were done, their suggestions were largely ignored. The most negative view given was that the management only picked champions who were friendly to the management. They therefore viewed them as traitors who did not champion for the benefits of the entire workforce. This confirmed the earlier study by Rukunga (2003) that members of staff will resist the changes if they are not part of the process.

4.2.5 Effects of the change

This segment was aimed at assessing the results after the changes have been effected and hence evaluate the success of the change. The main point that came out very clearly was that the changes resulted to huge workloads for the staff as a result of downsizing and rightsizing. Others were of the opinion that their morale had greatly declined and job security became a serious concern explaining that some employees had opted to leave the company. A few of the respondents however viewed the changes as having brought positive results. They pointed out that particularly new technologies and systems had increased efficiency and ease of doing work. They however pointed out lack of adequate training especially before full implementation of new systems as another challenge.

4.3 Discussions

The study confirms that in order to have a successful change, systematic procedure needs to be followed for the change process to be effective. The study confirms an earlier study by Tushman. et al (1986) that change is normally in response to the changes in business environments competition or the corporate strategy. The study findings were in line with the study by Kombo (1997) which concluded that due to the change in competitive environment, companies in the motor industry had to refocus on their target customers, improve customer service as well as offer promotions and good price discounts in order to remain in business. Leadership and proper consultation were highlighted by Johnson and Scholes (1999) as key to reducing resistance to change by the employees. This also confirms a study by Carnall (2006) that the main reason for resistance to change is due to the uncertainty comes with it. This confirms that the reasons for resistance were due to lack of involvement of the employees at the planning and implementation stages of the change process.



CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, a brief summary and the important results from the study are given, followed by highlights of research limitations. The study concludes by presenting recommendations identifying possible areas for further research.

5.2 Summary

The study was to establish the Change Management practices adopted by PZ Cussons in the implementation of the various changes in the company. The study was motivated by the changes being experienced in the entire industry, driven by the changes in lifestyles, business environment, technology, social status and competition from both local and international companies.

The study found that the company had undergone various changes during the period ranging from change of management, rightsizing, downsizing and installation of latest technology in the production department to increase efficiency. Change Management team had been constituted and tasked to oversee the entire change process. This had comprised of the management and representative of the employees seen to be friendly to the process. Proper involvement of all the employees was however not observed both at the planning and implementation stages. The staff members felt left out of the process leading to a lot of resistance to the changes. They therefore showed non commitment to the change process. This was due to the uncertainty associated with changes and the previous practices which had laid off employees.

5.3 Conclusion

The evidence from the study supported the linear paradigm theory that describes change as a series of steps from vision to implementation. The evidence also concurs with the model proposed by the Rose and Lawton (1999), that Change Management involves various steps which if not followed, the change process does not become a success. These steps included seeking support of the stakeholders to generate support for change, stressing the importance of change, building stability to reduce uncertainty and anxiety, showing dissatisfaction with present state to demonstrate the need for change, ensuring participation to build ownership, developing and communicating a clear vision for the future, developing arrangements for the transition and building feedback mechanism to evaluate the result of the change.

5.4 Limitation of the Study

The major limitation of the study was the financial resources constraints. The study was therefore interviewed few respondents who represented of the whole organization. The employees at the Mombasa, Nairobi and Kisumu deports would have provided more information but were not interviewed due to resource constraints. The responses given were subjective and may not have really been representative of the other members not interviewed. Some respondents were also very busy and had little time for the interview. This may have affected the responses that they provided.

5.5 Recommendations

The results presented in this study provide important implications for not only PZ Cussons but other organizations as well. With drastic changes in the business environment, there is need to adopt Change Management practices to ensure that the changes are successful. Change Management team need to be constituted that

develops plan for the implementation of the intended change. This should include management and representatives of the non-management staff. There is need to involve all the stakeholders and employees in the change process, showing the need for the change, the intended objectives and how the changes will affect them. It is also important for management to estimate the impact that the change may have to the organization and the individual employee on many levels including technology, work processes and employee behavior.

Training should be effectively offered especially if new operating systems and technologies are to be undertaken. This would ensure that the employees are well prepared and conversant with the changes before they are actually rolled out. This reduces the resistance and enhances the sense of ownership and commitment.

There is need for a feedback mechanism to be put in place where the results of the change process are reported and analyzed. This gives an opportunity to improve the performance of the systems, reward and celebrate the achievements attained.

5.6 Suggestions for further Research.

This was an initial study attempting to establish the Change Management practices in PZ Cussons. Kenya has seen a remarkable growth in the manufacturing sector especially since the arrival of the fiber optic cable. This has drastically transformed how companies operate. There is need to undertake a study to understand how companies in this industry and especially the mobile companies have undertaken their Change Management process amid the ever changing world of technology and operating systems. This would highlight the challenges they face and how they have managed to overcome them in order to remain competitive.

5.7 Implications for Policy and Practice.

From the research several implications for policy and practice concerning Change Management are evident: Successful change management should be an integral theme of policy. While structures of adequate resources and communication among stakeholders are all vitally important, policymakers must keep in mind that the change is inevitable and. policies should be directed at committing necessary resources and procedures to manage the change.

Policies should be written with an understanding of the contexts in which they are to be implemented to allow for flexibility. Policies are implemented in organizations in regards to various contexts and should remain flexible enough to accommodate diversity among the market and all stake holders.

Establish support systems to overcome the challenges faced while undergoing change. With systems in place where feedback can be collected the data collected can be used to make decisions that can have positive impact on the process.

Frequent and meaningful communication is important as it bridges gaps in terms of strategies and goals that an organization may have.

Training and training development. This allows all stakeholders to gain knowledge on the change and the requirements skills, knowledge and behaviors necessary to implement the change. These training requirements can be used to create training programs.

Plan to evaluate the impact of your efforts early and often. Analysis and corrective action based on this feedback provides a good mechanism to have a checklist to measure the impact of change

Celebrating and recognizing success cements and reinforces change and leads to supportive team.

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APPENDICES

Interview guide

Change Management practices at PZ Cussons East Africa

A) Personal information

1. Gender: Male Female

2. Age (Yrs)

3. Marital Status: Single Married.

4. Highest education level:

O- Level Diploma

Bachelors degree Masters

5. How long have you working in the company? Yrs/Months

6. Department.....

7. Position: Unionisable Management

Please select how applicable each of these statements are in describing the management of change affecting your job role where necessary

Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Prefer not to say
1	2	3	4	5	6

B)ORGANISATIONAL CHANGE

i)Awareness of change

- 1.Are you aware of any changes within the company? Yes No
- 2.Communication on the change was done appropriately.
- 3.The reasons for change are unclear and there are different views of the goals of the implementation
- 4.The goals, purposes, and potential benefits of change efforts are clearly communicated to everyone in the organization
- 5.Communications about the change are timely and relevant

ii)Factors that necessitated change

1. In your opinion what were the objectives of the change?

- Reduce costs Increase sales Competition
- Improve process Stakeholders interests

2. In your opinion what were the factors that necessitated the change? (Name them)

- i)-----
- ii)-----
- iii)-----

- 3. Was change evident?
- 4. In your view was the change necessary? Yes No

C)CHANGE MANAGEMENT

i)Change process

- 1. Was the change process systematic? YesNo
- 2. What is your view on the Change Management practices?

3. What was your role in the change program?

4. What were challenges encountered during change process

i)-----

ii)-----

iii)-----

iv)-----

5. When changes are announced, there is open dialogue about the disruptions they may create and the difficulties we may need to address in order to make the changes successful.

6. Change is expected without being linked to incentives

D) MODELS OF CHANGE MANAGEMENT

1. Was there change leader and champions? Yes No

2. Key implementation personnel are chosen, put in charge and left unchanged

3. Was there are long periods of planning before the change is delivered

4. The implementation of the change within your role is managed solely by top management.

5. There were predetermined guidelines on change implementation.

6. Ideas are openly communicated and encouraged within the implementation

7. The process of implementation for the change is flexible and reactive

8. Wide timescales for the implementation deliverables are set and goals and are met

9. There are delays in the timescales that are set in the change.

10. Conflicts within the change are looked for and try to be solved.

11. What kind of training was offered before the changes were effected?

No training Inadequate training Adequate training

12. Were you committed to the change? Yes No

If no, why?

Not consulted Fear

Job security No training offered

13. In your opinion what do you think should be done to assist the change process?

.....

E) EFFECTS OF CHANGE

1. Is the change impact positive or negative? Positive Negative

2. What were challenges encountered during change process?

.....
.....
.....

3. Successful change efforts are recognized and celebrated.

4. Once the implementation has taken place, user involvement in the project begins.

5. When people have problems implementing changes, they communicate freely about them and ask for help.

6. People who express negative feelings about change are listened to and their concerns are addressed.

7. Incentives are linked with the implementation to aid the process of change.

8. Project teams have sometimes a lack consistency with regards to the change.

F) RESISTANCE TO CHANGE

1. Are you aware of any resistance to the change? Yes No

2. In your opinion what were the effects of the change

3. Change projects create resistance which has to be broken

4. When difficulties or disruptions arise, people are quick to address and fix them rather than to affix blame.

5. Those concerned with the outcome of the change project take part in planning involvement in the change project before delivery takes place.

Introductory Letter

The Respondent.

P Z Cussons East Africa Limited,

P.O.Box 456789 – 00100,

Nairobi.

Dear Sir/ Madam

RE: Letter of Introduction

I am a postgraduate student in the School of Business at University of Nairobi pursuing a Masters Degree in Business Administration in order to fulfill the degree requirements I am doing a research “Change Management practices at PZ Cussons East Africa Limited”.

I kindly request your assistance by availing your time for a short interview of ten minutes based on the guide enclosed herein. Any documents, strategic plans or reports that you may have that are relevant to this topic of study may be availed to me at your discretion. A copy of the final report will be made available at your request.

Your assistance will be highly appreciated. You can contact me on the below to schedule the interview at your earliest possible convenience. Please be assured that information is purely for academic purposes.

Maureen Misoi – Kinyor (0721129920).

CC: J Kagwe (Academic supervisor)

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