

**CHANGE MANAGEMENT STRATEGY IN RESPONSE TO
ENVIRONMENTAL CHALLENGES BY KENOLKOBIL LIMITED**

BY:

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**A Research Project Submitted In Partial Fulfillment Of The
Requirement For The Award Of Master Of Business Administration
Degree School Of Business University Of Nairobi**

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DECLARATION

STUDENT'S DECLARATION

I declare that this research project is my own original work. It is submitted in partial fulfillment of the requirement for the award of the degree of Master of Business Administration, School of Business University of Nairobi. It has not been submitted before for any degree or examination in any other university.

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SUPERVISOR'S DECLARATION

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

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DEDICATION

To my wife, Mercy Salim Odol and my children Amanda and Alvin whose support and tolerance, encouragement, patience and most of all love had given me the strength to persevere through all those stressful moments during these 18 months. My love and great dreams for you all inspired me to struggle and complete this academic project against many odds. Amanda and Alvin, by the time you read and make sense of this document, I hope you will already be making your impact in our world through your outstanding performance.

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ABSTRACT

Change management strategy has become a common activity for many organizations but the knowledge about many of the critical issues involved is often lacking in those responsible for it. Consequently, managers still grapple with the challenges that surround change management, with many such processes ending in failure. This study sought to establish the change management strategy in response to environmental challenges as practiced by KenolKobil Limited, a major player in oil marketing sector in Kenya and how the company has gone about handling the strategy. The environment plays a critical role in the success and behavior of business. The Porters Five Force model Porter, (1980) is a strategy tool that can be used to analyze how the changes in the environment may affect the firm's operation and strategies. This study was modeled on a case study design. The study focused on the change management strategy in response to the environmental challenges faced by KenolKobil. The study used both primary and secondary data; Primary data was collected through a face to face interview by the researcher with the help of an interview guide. The data collected was qualitatively analyzed by use of content analysis techniques. The study concludes that KenolKobil Limited has been implementing change management strategy in response to the environmental challenges. The study further concludes that the change management strategies in response to the environmental challenges by KenolKobil Limited are mainly due to competition and need to increase the performance of the company. This study found out that the main challenges in implementing change management strategy were financial requirements and timely accessibility of the same, a highly competitive market environment including the changes by the government regulatory bodies, internal resistance also impeded the change process, human resource capacities to quickly respond to the manpower requirement was also a challenge and red tapes and unnecessary procedures. The study recommends that there is need for KenolKobil Limited to increase the effectiveness and efficiency of implementing change management strategy due to the increased competition in the oil industry. More studies also need to be conducted on other oil marketing companies to find out their change management styles and challenges they encounter and how they respond to them. The findings from those studies will be useful for bench-marking and assist the players to learn from each other on how to deal with shared issues. This study is of practical relevance to all stakeholders in KenolKobil Limited and the oil industry in Kenya. It has provided industry players with useful insights on how best to effectively manage strategic change with changing environment. With this study managers and other practitioners can be empowered in the oil industry in Kenya with knowledge on the various roles that successful change management practice requires of them. In theory, the study also sought to contribute to the body of knowledge, while at the same time, identifying further research gaps that other researchers may need to undertake in future. The field of strategic change management in view of new product development is large and hence an attempt to study it in relation to the oil industry in Kenya is likely to be a stimulant to other academicians to improve an understanding of the various management issues affecting this industry.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The continued integration of global economies has made many organizations have to adapt to the changing business environment, with a focus of ensuring that their business processes offer the best opportunities aimed at overcoming the unique challenges facing businesses today. The business landscape has been changing at a very fast pace and petroleum sector has not been spared either. With the rapid changes in the business environment, change has become the single most important factor that is broadly affecting business operations and their strategic choices.

Appropriate management of change is the only sure way by which a firm can ensure that it stays ahead of its rivals, enjoys the power of tail winds by setting trends which ensure financial and operational efficiency, effectiveness and success. The trends may not only be reflected through continuous product innovations and service excellence, but also on the general management practices of the firm in an industry. One of the primary functions of management is to organize and use the available resources in ways, which minimize the impact of environmental threats and pressure on the organization. Organizations must adapt to their environment if they are to remain viable. Hoskisson et al. (2004), for example, maintain that to maximize long term effectiveness, organizations need to develop the capacity not only to cope with daily events in the environment, but also to cope with the external events that are both unexpected and of critical importance (crisis).

The Oil industry in Kenya has grown tremendously as revealed by Isaboke (2001) as well as Musindi (2008) stating that by 1930, there already existed some two multinational oil companies serving the budding economy at the time. Most of the oil marketing companies in Kenya including KenolKobil focus on the downstream segment. KenolKobil currently is one of the fastest growing oil marketing companies in Kenya that continues to undergo market transformation. The case study focused on determining the change management strategy in response to environmental challenges by KenolKobil Limited.

1.1.1 Change Management Strategy

Change can be defined as a transition from one state to another with the focus on being different. Dawson (2003) notes that change involves a movement to some future state that comprises a context and time that remain unknown. Some changes are minor, barely noticeable and merely seek to improve or correct aspects of operational activities, some relate to the organizational business tactics while strategic change is transformational affecting the entire span of the firm, leading to new business strategies, new business models, new operational and tactical requirements as well. As Singh (2009) notes, change can be planned or unplanned calling for different responses and implying varied organizational or industry preparedness.

Industries and firms face various challenges in the course of business. The nature and type of changes that an industry or firm face define the strategies and approaches that it adopts to ensure success and excellence. This argument is advanced by Dawson (2003) as well as Cameron & Green (2004). They further state that most firms' goals broadly range from

happy and satisfied customers, good corporate citizenship and financial success as envisioned by their stakeholders. According to Cameron & Green (2004), well managed change enables crafting of new business strategies, deployment of new technologies or systems, implementation of new business processes, mergers and acquisitions, organizational restructuring, or changes in compensation or benefit programs. Many researchers and authors on this concept, such as Paton & McCalman (2008), Kotter & Cohen (2002) as well as Sharma (2007) maintain that organizational change management involves various activities like communications, training, education programs, measurement systems and compensation programs that are used to manage change at an organizational level.

The underlying message in all the various ways, means and methods of achieving success at strategic change management is that people, organizations and entire industries change because of inner conviction that it is the best thing to do, Kotter & Cohen, (2002). This is particularly true for large organizations that need to undergo cultural transformation, new technologies and restructuring. The mantra for success in strategic change management, according to Cook, Macaulay & Coldicott (2004), is the ability to overcome elements that are resistant to anything new and manage change in four phases starting with set up, kick off, delivery and review.

1.1.2 Environmental Challenges

Business organizations are impacted on by a host of factors that can be both micro and macro- environmental in nature. The micro-environment involves the individuals or organizations that a firm deals with on a regular basis. For example, suppliers, distributors, competitors, customers and employees are all members of this group.

At the same time these stakeholder groups have a direct impact on the firm. Labor shortages in the local market may make it more expensive to recruit, competitors launching new products may take away market share and changes in customer tastes and preferences may require a re-thinking of business strategy. Delays by suppliers may lead to cash-flow problems and problems with distributors may hit sales. The micro-environment therefore plays a critical role in the success and behavior of business. The Porter's Five Forces model Porter, (1980) is a strategy tool that can be used to analyze how the changes in the micro-environment may affect the firm's operation.

The macro-environment involves factors outside the direct control of the business. These are factors such as the economy, government policy and social changes and can have a significant effect on a firm's success but the relationship is fairly one way. There are many factors in the micro-environment that will affect the decisions of the managers of any organization. Political factors refer to government policy such as the degree of intervention in the economy. To what extent does it believe in subsidizing? What are its priorities in terms of business support? Economic factors include interest rates, taxation changes, economic growth, inflation and exchange rates. These also do have a major effect on a firm's behavior.

Changes in social trends can impact on the demand for a firm's products and the availability and willingness of individuals to work Kotler, (2001). In health for instance, the increased urge for healthy eating has boosted organic sales. New technologies create new products and new processes. Environmental factors include the weather and climate changes. Changes in temperature can impact on many industries including petroleum, farming, tourism and insurance. Legal factors are related to the legal environment in which firms operate. Legal

changes can affect a firm's costs (for example if new systems and procedures have to be developed) and demand (for example if the law affects the likelihood of customers buying the goods or using the service) Chapman, (2005).

1.1.3 Strategic Response to the Competitive Environment

Firms have to respond strategically to environmental factors in order to be sustainable Hamel and Prahalad, (1993). One of the environmental influences to a business arises from competition. Increased competition threatens the attractiveness of an industry and reducing the profitability of the players. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces Thompson & Strickland, (2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. The rapid growth of KenolKobil Limited (Kenya) as a downstream oil marketing has acted as a major catalyst in looking at its response to strategy. The oil sector is continuing to be a dominant force in the world economy and therefore deserves as much attention.

The objective of this study is to determine the strategic responses to competition by KenolKobil Ltd. The study is to be carried out through a case study of KenolKobil Company limited. Data will be collected from the various heads of departments in the organization using questionnaires and other data collection tools. Content analysis technique will be used to analyze the data. The study seeks to find out the various environmental changes that affect the operations of the business and also to understand the competitive dimensions of the industry.

1.1.4 Oil Industry in Kenya

Available literature on Kenya's industries shows that by the time of the country's independence in 1963, the oil industry was well established. Indeed findings by Isaboke (2001) as well as Musindi (2008) reveal that by 1930, there were at least two multinational oil companies serving the budding economy at the time. Most of the petroleum industry activities in Kenya focus on the downstream segment only as upstream operations in the country are in their initial stages with the discovery of oil deposits in Turkana County.

While many Kenyans and the prospecting companies are optimistic with the substantial oil finds and natural gas in the country, the effect of this discovery is yet to be felt. Nevertheless, the main source of this great motivation is the fact that commercial quantities of oil and gas have also been found in Uganda, Tanzania and South Sudan, all of which are Kenya's neighbors sharing similar geological features. So far the oil industry in Kenya focuses on refining, marketing and supplying of petroleum products.

As noted by Musindi (2008), for many years after independence, the oil industry in Kenya was controlled by only six International Oil Companies. These companies were Shell/Bp, Esso, Caltex, Mobil, Total and Agip. The industry was vertically integrated with these same oil companies controlling the supplies and distribution of petroleum products from the oil wells, shipping, inland distribution and retailing at their own branded network of stations, Isaboke, (2001). When these imported crude oil, it was refined at the Kenya Petroleum Refinery Limited (KPRL), the only oil refinery in the country. This product would then be transported by road from Mombasa.

However, upon the formation and commencement of operations in 1977, the Kenya Pipeline Company Limited, started playing a key role in refined product delivery in the hinterland. The pipeline runs from Mombasa to Eldoret through Nairobi, Nakuru and Kisumu.

1.1.5 KenolKobil Limited

The KenolKobil Group is one of Africa's fastest growing indigenous oil marketing conglomerate with an expansive investment portfolio spanning the entire Eastern, Central and Southern parts of the African continent. The Group consists of subsidiaries in nine African countries outside Kenya (Head Office) including; Uganda, Tanzania, Rwanda, Zambia, Ethiopia, Burundi, Zimbabwe, Mozambique and Congo DR.

As a growing pan African oil marketing company, they have perfected their business in the downstream sourcing and marketing of petroleum. KenolKobil Limited trade in both crude and refined petroleum products which include motor fuels, industrial oils, LPG, aviation fuels, lubricants and various other specialist oils including non- fuel related products. The company with its established Trading Desk is involved in large scale procurement and selling of Petroleum products including Crude Oil, Petroleum Solvents, White Oils, LPG and Lubricants to Government bodies, large industrial establishments and refineries in Africa and other far off markets.

1.2 Research Problem

The change management strategy in response to the environmental dynamics is very crucial with the numerous changes in the business seen. New challenges, limitations, threats and opportunities are quickly emerging and market players must learn how to respond to these changes. According to Dawson (2003), the speed of organization restructuring has increased

tremendously to accommodate the opening of trade across national borders and the development of the global market. Indeed as Cameron & Green (2004) found out, the rate of change and discoveries in the world far outpaces individual and organizational ability to keep up with it.

The KenolKobil limited one of Kenyan oil industry players continues to undergo market transformation, with operators consolidating, even as more multinationals exit the market. As a result, many local players are getting more opportunities to invest in the industry. However, the exit of the multinationals, known for their high operating, safety and service standards borrowed from the West, continue to raise a crucial challenge to the industry. New marketers and retailers continue to establish shop in all forms, both sophisticated and crude. The petroleum industry in Kenya plays a vital role in economic development. The number of players in the industry has increased sharply since 1930 to date, Ngige (2006).

Despite the moves to divest from business, the government of Kenya still maintains a 50 % stake in the Kenya Petroleum Refinery Limited (KPRL) for liquefied petroleum gas (LPG) production and processing of other products from the crude oil imported predominantly from the Middle East due to its relative proximity to the East African coast Musindi, (2008). The government established the Kenya Pipeline Company (KPC) in 1977 and has been unwilling to sell her stake in it as well as the refinery due to what it considers to be strategic and energy security concerns Isaboke, (2001).

Procurement of petroleum products that used to be done by the marketers privately is now a function performed by Kenyan Oil companies as well as registered international traders

through the Open Tender System (OTS). Under the (OTS) supervised by the Ministry of Energy, the lowest bidder per product in the month is nominated to import that product; be it crude oil or refined products and supplies to other oil companies. As Ngige (2006) states, the Kenyan government requires oil companies to import and process crude oil through the refinery to keep the facility in operation.

There are legal requirements for oil-marketing companies to ensure that they get 70% of their inland market share product needs through the refinery and only import 30% of their refined products needs for the local market Ngige, (2006). This has been enforced despite attempted resistance from the leading oil marketers in the country citing high costs of product refined locally. This has been aggravated by the plant's inability to produce environmentally friendly products such as Unleaded Premium/Petrol and low sulfur diesel.

There have been various MBA studies undertaken touching on various aspects of the oil Industry in Kenya. Ngige (2006) in his study "Strategic Responses of Petroleum Importing & Marketing Companies to Changes in Government Legislation" focuses only on one environmental factor, the government, and ignores all other forces of change. Abekar (1996) "Strategic responses to changes in the business environment: a case study of the Kenyan petroleum industry after liberalization" this analyses the general industry environment. Apungu (2003) in his MBA research "A Survey of factors that influence customers' choice of petrol stations in Nairobi" pays attention to strategies needed to match changing customer demand. Odida (2011) studied "Strategic Change Management in the Downstream Petroleum Industry in Kenya" this study focused on the general environmental factors and focused on no specific company.

The only study that offers an insight into possible strategies of change management in the industry is that by Isaboke (2001) titled “An investigation of the strategic responses by major oil companies in Kenya to the threat of new entrants”. There has not been any research on Change Management Strategy in response to environmental changes by any specific market player in Kenya in this case, KenolKobil Limited. This study seeks to fill knowledge gap by seeking to answer one key question. The change management strategy in response to the environmental challenges by KenolKobil limited?

1.3 Research Objectives

The study sought to determine the change management strategy in response to the environmental challenges by KenolKobil Limited.

1.4 Value of the Study

This study is of practical relevance to all stakeholders in KenolKobil Limited and the oil industry in Kenya. It has provided industry players with useful insights of how best to effectively manage strategic change with changing environment. With this study managers and other practitioners can be empowered in the oil industry in Kenya with knowledge on the various roles that successful change management practice requires of them.

In theory, the study also sought to contribute to the body of knowledge, while at the same time, identifying further research gaps that other researchers may need to undertake in future.

The field of strategic change management in view of new product development is large and hence an attempt to study it in relation to the oil industry in Kenya is likely to be a stimulant to other academicians to improve an understanding of the various management issues

affecting this industry. The study finally hopes to make an addition to the existing literature in the field of strategic change management in Kenya and widen the scope of understanding. The researcher hopes that the study will contribute to the continuing endeavor to understand the different aspects of strategic change management. The future users of this study are expected to use it to advance their knowledge in the area of change management process, critic the study and use prevailing circumstances to improve the study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews various concepts of change management as documented by various scholars. It gives a brief analysis of Kenya's oil Industry with a particular focus on the various changes that have taken place in the industry over the last couple of years. The section also seeks to collate various findings on what needs to be done by KenolKobil limited and other firms in order to be successful at strategic change management.

2.2 Strategic Change Management Approaches

The strategic change management approaches are closely related to identification of the various management processes designed to make individuals and organizations to be more successful at it (Sharma, 2007). All the varied approaches are largely internally focused even as they seek to offer ways and means by which management and individuals can obtain commitment to change and enhance productivity at low resistance.

Indeed as Paton & McCalman (2008) argue, strategic change management approaches help make results tangible, control the processes, guide decision making and offer security around uncertainties. The two main change management approaches are traditional planned approach and the emergent approach. The appropriateness of the approach adopted has critical implications on the way people experience change and their perceptions of the change outcome.

The planned approach is founded upon the need to have well organized, cyclical processes of sequential planning that is driven by top management. It motivates planned action and forces decision-making. As advanced by Berr & Nohria (2000), the proponents of the planned and programmatic change approach believe that a well-planned transformation effort builds confidence with all stakeholders of an organization. The planned approach focuses on the discipline created through performance standards and are clearly linked to reward and sanction systems sustained by linear planning. Thus in this approach, the change is usually anticipated in advance and is embarked on consciously as pre-planned.

The emergent approaches to change management are largely as a result of the reality of postmodern organizations working in a highly volatile environment where the only certainty is change itself. These approaches largely recognize that change cannot be solidified as a series of linear series of events within a given period of time, but rather as a continuous process (Paton & McCalman, 2008). This has seen various models come up. These include the organizational development model (OD) with its various variants being; the integrated strategic approach (ISC) where participation is encouraged such that all employees are involved in not only the analysis and planning, but also in the change implementation process (Berr & Nohria, 2000).

An appropriate change approach enables a step-by step guide required to understand, change and strike the right balance between the critical variables. These critical variables are given by Srinkas (2005) as being Variety, Velocity, Visibility and Variability; and how making focused changes to these variables will result in superior Value to yourself or organization.

It also makes it all actionable by describing in detail an approach that maximizes benefits that accrue from strategic change management while minimizing risk: facilitating diagnose & baseline review, enabling division & prioritization, designing & aligning as well as delivery and learning.

2.3 Main Forces of Change

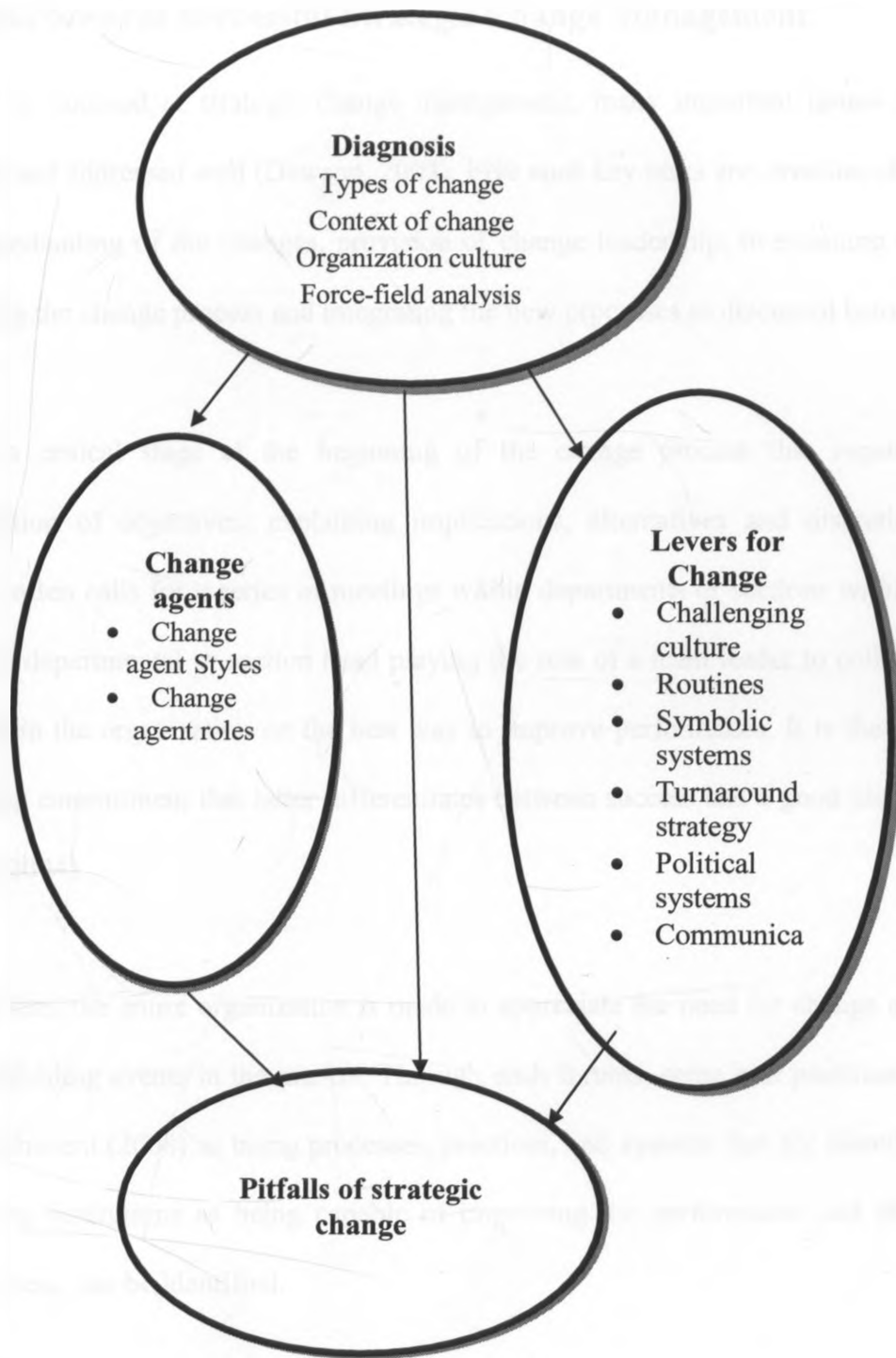
Sharp changes in the business environment continue to push many firms into changing their business strategies and models. As Thomson Jr, Strickland & Gamble (2007) state, it is important for firms to track where an industry is in the life cycle.

However, most important is the ability of the firm to analytically identify other factors that may be even stronger drivers of industry and competitive change. Many factors that alter an industry's landscape and alter competitive conditions may originate from outside the company's macro-environment as well as the internal industry environment.

2.4 Elements in Managing Strategic Change

The analysis of strategic change management requires an understanding of the inter-relationship between the various elements that drive the process. The elements are diagnosis, change agents, levers of change and pitfalls of change as noted by Johnson, Scholes & Whittington (1993).

Diagnosis calls for the identification of the type of change, the context of change, the organization culture as well as the force-field analysis. The change agents require an understanding of the change agent styles as well as the various roles to be played by the change agents. Their relationship to pitfalls of strategic change can be best captured as below.



Source: Adopted from Johnson, Scholes & Whittington (2009)

Figure 2.1: Elements in Managing Strategic Change

2.5 Tasks towards Successful Strategic Change Management

In order to succeed at strategic change management, many important issues need to be managed and addressed well (Dawson, 2003). Five such key tasks are; creation of awareness and understanding of the changes, provision of change leadership, overcoming opposition, solidifying the change process and integrating the new processes as discussed below.

This is a critical stage at the beginning of the change process that requires careful consideration of objectives, explaining implications, alternatives and discretion (Tobin, 1999). It often calls for a series of meetings within departments or sections within the firm, with each departmental or section head playing the role of a team leader to collate for ideas from within the organization on the best way to improve performance. It is the first step in mobilizing commitment that latter differentiates between success and a good idea that failed (Palmer, 2004).

Through this, the entire organization is made to appreciate the need for change as informed by the unfolding events in the market. Through such forums, some best practices, described by Vallabhaneni (2008) as being processes, practices, and systems that are identified in top-performing institutions as being capable of improving the performance and efficiency in specific areas, can be identified.

Effective communication at the onset of change requires what Fleming (2006) term as components that help build a shared meaning. These components are given as; the individual sending the message needs to present the message clearly and in detail, and radiate integrity and authenticity so as to avoid any doubt. Similarly, the persons receiving the message must

decide to listen, ask questions for clarity, and trust the sender of the message. Most importantly, the content of the message has to resonate and connect, on some level, with the already-held beliefs of the receiver. In order to continue creating awareness and understanding of the changes that a firm is trying to implement, the company's senior management must communicate consistently, frequently, and through multiple channels as advanced by Tobbin (1999) and Palmer (2004).

These channels include speaking in various staff forums, writing memos, emails and notice board postages. Others include, running television infomercials, bulletin boards and intranet information releases. Regular updates on all matters known about the change or planned changes must be disseminated once the information becomes available.

As Douglas & Wykowski (2008) assert, good change leadership can evolve and sustain an adaptive culture that develops knowledge through purposeful human interaction. It explores key dynamics of learning, considers the diversity of beliefs present in any group, and demonstrates ways that those leaders can explore and encourage the potential of both the group and individuals within the group.

The chief executive officers and other senior managers at their firms undertaking strategic changes must not only be on hand to provide answers to questions, but be pivotal in formation of teams as well as allocate resources needed to achieve the changes. Accurate responses must be provided by the leadership whenever questions are raised (Palmer, 2004).

This is especially important because more often than not, leaders destroy their credibility when they provide incorrect information or appear to stumble or back-peddle when providing

answers or queries raised by other members in times of strategic change process. Effective change management calls for coordination of many actions, often out of thoughtfulness, in a deliberate and well informed effort to build team work and establish the critical support base for sustained change. Indeed, as Drucker (2007) affirms, without effectiveness, there is no performance, no matter how much intelligence and knowledge goes into the work, no matter how many hours it takes or the objectives at hand.

Barriers created by peoples' positions have to be broken to encourage better communication in the workplaces (Kanter, Stein & Jick 2003). The change team leadership need not be too thin compared to the size of the firms and their geographical spread. Where necessary, support teams may have to be created for the overall change team leadership to be effective.

While it is true that people often resist change, this resistance is the result of not gaining wide scale consensus at the start of the strategic change process as advanced by Palmer (2004). Many management and change experts agree that the best ways to avoid resistance to change are, also the best ways to assure that people are motivated to support the change effort. People often do not like change they cannot control. However, if they lead or have a substantial influence on the change process, they are more likely to embrace it (Blokdiik, 2008). Process consulting can be very helpful in ensuring that the contributors to the change effort are fully involved and committed, and also in avoiding groupthink issues that can turn off other parts of the organization. Often, timing can be a reason for resistance to change (Cameron & Green, 2004).

It is important to have an exhaustive review of the other possible causes of resistance. The most common causes of opposition, according to Cameron & Green (2004), Sharma (2007) and Shrinivas (2005) are often found to be the fear of the unknown which is brought about by discomfort, fear of loss of something of value to the various stakeholders. Given the understanding that structure follows strategy (Hitt, Ireland & Hoskisson, 2010), effectiveness in implementing strategic change will often result in a change of an organization's management structure. More often than not, the pre-change management structures may not enhance achievement of new goals envisioned by new strategies.

In some cases, new flat structures emerge from previously scalar chains for quick decision making and clarity of reporting lines. Multi-level management structures with too many levels could be a source of difficulty in understanding of new objectives and facilitating top-down or down-up communication. This will not only create a new order of things, but demonstrated management's commitment to change philosophy and offer an avenue for encouraging what Heller (1998) refers to as "directness".

Solidifying the process involves the actions and activities that ensure that the strategic change process not only stays on course but also enjoys the support of all or nearly all the stakeholders. This process works best if the stage was also envisaged prior to the change by way of the creation of a trusting and trustworthy environment (Palmer, 2004 and Sharna, 2007). The value of all stakeholders, key among them the employees, through their performance as well as their potential contribution is of utmost importance. Change management is solidified through regular, honest communications of the change progress as well as documentation of the new business processes (Shrinivas, 2005).

The gradual documentation process should be done focusing on integrating of all best practices identified to enhance the strategic change management process. This enhances what Andersen (1999) refers to as “process ownership in the organization”. The new business processes must recognize the centrality of the customer and suppliers and should be geared towards ensuring focus on core purpose and value creation.

Recognition and rewards for positive approaches and accomplishments in the changes and change management must be made publicly. According to Holman, Devane & Cady (2007), this is important in motivating staff and other stakeholders to desire to do more for greater achievement. The communication should be deeply rooted in two-way discussions and less emphasis on just presentations. This, according Tobbin (1999) and Paton & McCalman (2008), is a sure winner in a war of team hearts and minds and often reinforces the urgency as well as reasons for the changes in such a way that people understand the context, the purpose, and the need to carry on.

In order to ensure successful integration of the new processes, a firm and industry undertaking strategic change must ensure that most of the old ways of executing tasks and jobs are done away with. For marketing firms in an industry, this may include basic functions such as customer order management for a sales and marketing firm, customer feedback processes, reward schemes among others. Cultural diversity and global view of issues must then be considered as key competencies. There should be deliberate efforts to build a workforce capable of what Nelson & Quick (2008) call “ability to think big, think global and think differently”.

2.6 Establishing a Change Management Program

Successful change management requires a large commitment from executives and senior managers Kotter (1996). This undoubtedly means that any change effort cannot be optional for senior staff. They must lead or get out of the way. Key issues of concern to the organization's personnel and all other stakeholders need to be taken into account so as to win their equivocal support and devotion to the new strategic focus. While the new system that results from the change will ultimately have to stand on its own feet, it's important for all those spearheading the change process and the entire organization to understand that every new system needs to be supported and nurtured.

It is therefore important to look beneath beliefs and assumptions in the organization to find the roots and persistent influences that preserve desired change. This is important in giving what Douglas & Wykowski (2008) refers to as the ability to continually align collective beliefs with current reality inspired by change.

In order to ensure successful strategic change implementation program, effective communication and the level of support by the staff and other stakeholders are paramount. The success of efforts towards strategic change can be attributed to various actions or approaches that a firm may apply. Key among this is the establishment of a clear vision for the change management process and the desired destination (Srinivas, 2005). Employees and other key stakeholders must have had a good picture of where the organization is heading to and anticipate positive outcomes. Making a picture of the fourth coming future that resonates with what the stakeholders wish would occur, is a ticket to successful change management.

The organization's chief executive officers or captains must take ownership of the change management process. Senior managers must be intimately involved to encourage what Floyd (2008) calls "dramatic improvement within the organizations undertaking strategic changes". Their active role must be seen from their involvement in communication with other stakeholders and the encouragement that they offer to teams that may be struggling to fully internalize what the strategic changes demand of them, (Srinivas, 2005). Various managerial actions or behaviors that are required for the changes to take hold must be undertaken.

It is important that maximum attention is paid to the changes occurring, with the key focus being on the progress and barriers for change management. There should be a continuous search for feedback from other members of the organization on their thoughts about the change process and its management. Stakeholders must be requested frequently to give their feedback on the strategic change efforts and impacts. Corrective actions must be taken after receipt of feedback. Staff members, customers, and other stakeholders must be made to realize the value of their input in the change process.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages that were followed in completing the study. It discusses the collection, measurement and analysis of data. Decisions about how the study was executed and how respondents were approached are presented in the following subsections: research design, data collection instruments, data collection procedures and data analysis.

3.2 Research Design

This was a case study since the analysis was in one organization. The case study approach aimed at getting detailed information regarding the unit under observation. According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari (2004) denotes that a case study involves a careful and complete observation of social units. It is a method of study that emphasizes depth rather than breadth, based on a limited number of events or conditions and other interrelations. Data collected from such a study is considered quite reliable and up to date. Kothari, (1990) also defines a case study as a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community or institution. It is the blue print in completing a research study Creswell, (2009).

In this study, the change management strategy in response to environmental challenges at KenolKobil Limited were studied and analyzed in detail. An open ended interview guide

(Appendix 1) was used to collect information from selected respondents from the the senior management. The guide was designed with a view to identifying the key strategic changes that have taken place in the last five years or are currently taking place, the causes of these changes, the challenges that were encountered and how those challenges were dealt with. By using case study the researcher has been able to probe, collect data and explain phenomenon more deeply and exhaustively Mugenda and Mugenda, (2003).

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was collected using open-ended interview guides while secondary data was collected from company and industry publications, published reports, journals and periodicals.

The interview guides had open-ended questions with provisions for further probing in order to obtain detailed and comprehensive responses from the respondents. The interview responses were expected to corroborate information collected from secondary sources. The respondents consisted of top management involved in strategy formulation and implementation and they included: senior management staff comprising of the managing director, the finance director, human resource manager and the administration and operations manager as well as the regional merger and acquisition manager.

The respondents will give insight into some of the change management strategies the employ while implementing the strategy. Secondary data will be collected from the organization's documents such as annual reports, strategic plan and end term evaluation. It was presumed that these managers had served the KenolKobil Limited for long enough to be familiar with the strategic changes that the company had undergone over its recent history.

3.4 Data Analysis

The main method of analysis was content analysis. The responses were first reviewed for completeness and consistency and then studied closely to identify the key themes and concepts expressed by the respondents. Particular attention was paid to the choice of words used by the interviewees so as to establish the weight of each significant statement. These themes and concepts were analyzed for their relevance to the objectives of the study and to provide a preliminary overview of how the research question was being answered.

The concepts were subsequently inter-related to widen the perspectives within which their meanings were to be understood. Data obtained from secondary sources was contextualized within these meanings. The content analysis technique was used because it assisted in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends. Similar study in the past is that done by Karoney (2008), she used this technique of content analysis to analyze data collected from a case study.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of the data that was collected from the managers of KenolKobil Limited. Responses to the questions that were asked using the interview guide have been analysed to extract significant themes around which a discussion is now presented. The respondents to the interview guide included the Human Resource manager, the Regional Merger and Acquisition Manager, the Sales and Manager, the Finance Manager and the Assistant General Manager. Other members of staff that the researcher spoke to during his visits provided helpful insights into how the company manages strategic change. These were mainly drawn from the Operations, IT, Audit and Transport sections of the company.

4.2 The Concept of Strategic Change

In the study the researcher sought to understand the overall business strategy of KenolKobil Limited as a background to the study of how the firm manages strategic change. According to the respondents, KenolKobil Limited develops its business strategy with the help of external consultants where necessary but a lot of it is developed internally. The current one was developed by the management with the support of the some external consultants. It is broken down by both year and department for ease of implementation. During preparation, the external consultant holds meetings with senior managers in order to perform a SWOT analysis for their respective departments. Once this is done, a draft document is prepared and

final one is produced. The company holds the strategy as the main guideline for all its activities and requires managers to refer to it for guidance on all major decisions. Each year, the performance and progress of each department is assessed against the set objectives to determine whether the company is on track towards achieving all its objectives. Targets are revised where necessary to take into account new realities and to ensure that the degree of deviation from the overall objectives is minimal.

An analysis of the responses to the questions relating to the current strategy of the company and the factors that drove its formulation reveals that the level of awareness on strategic matters is quite high among the managers. They all confirmed that they are conversant with the company's overall strategy as well as their own departmental strategic objectives. Those that were in their current positions when the current strategy was put together stated that they took part in its preparation. One of them was highly confident about his own competence in strategic matters, going on to state his academic credentials and professional qualifications and experience. Further, the respondents unequivocally appraised themselves highly concerning their awareness of strategic change management as a concept. They pointed out the need for the KenolKobil Limited to manage strategic change effectively given the volatility of the company's operating environment.

Asked to what extent external stakeholders were involved in the company's strategic process, the respondents indicated that KenolKobil Limited cannot operate without the active participation of external parties in its strategy whether at formulation or implementation stage or in times of change. Given its status as a public listed company, it attracts the interest of a wide range of stakeholders including the general public and the media. The interviewees mentioned some of the factors that were considered in formulating the company's strategy.

These included the company's revenue objectives and the need to concur the market. Financial targets were identified as top priorities because they were considered to be especially important in helping the firm to achieve all other objectives. The reason for seeking growth so actively was given as the high level of competition in the oil marketing sector which threatens the very survival of the company. The company's strategy therefore outlines its growth objectives very clearly with the aim of guaranteeing the company's viability over the long term.

The availability of resources was also mentioned as a major consideration in creating strategy and managing strategic change. The managers described strategy as being about where the KenolKobil Limited wanted to go and how the company would get there. Therefore, the resources for moving towards the identified destination had to be made a key component of the plan. Another consideration for strategy formulation was the product choice that the KenolKobil Limited offered to its customers. The company ensures that its strategy is suitable for its range of products.

4.3 Employee Background

The respondents consisted of top management involved in strategy formulation and implementation and they included: senior management staff comprising of the managing director through his deputy, the finance director, human resource manager, the head of marketing, the administration manager and operations manager. The study established that majority of the respondents held bachelor or post graduate degrees. Therefore, the level of education of the respondent was high hence they were in a position to understand and give out the right responses during the interviews.

majority of the respondents held bachelor or post graduate degrees. Therefore, the level of education of the respondent was high hence they were in a position to understand and give out the right responses during the interviews.

Majority of the respondents had worked at KenolKobil Limited for more than five years which made them conversant with change management strategies in response to the environmental challenges by KenolKobil Limited. This number of years of working for the same company gave the interviewer assurance and high level of confidence on the expected outcome.

4.4 Major Strategic Changes

The study sought to know if there are any major strategic changes at KenolKobil for the last five years. The study established there were major strategic changes at KenolKobil such as re-engineering in 2008 affected in 2009; this was to help strengthen the business lines. With this re-engineering Kenyan operation was then treated as one of the subsidiaries and separated from the group functions. Initially, the group function was merged with the Kenyan operation and this made it difficult to separate the functionalities of the two including the cost centers and profit contribution.

Another major strategy decision was made when the management decided to enter into a joint venture operation in the major oil depots for operations management efficiency in aviation section, asset management with Total Kenya and Caltex. The new setup of joint operation with other player or competitors to share resources that have largely been quite expensive for a single entity to use ensured that resources were used optimally.

The brands Kenol and Kobil were also merged to KenolKobil limited; initially Kobil was private company after being acquired from the Exxon Mobil while Kenol (Kenya oil Company Limited) was public. The merger of the two companies was very useful in many ways to the share-holders one of which was to leverage on the tax payment and also on management. One of the most recent strategic changes was to partner with the upstream marketing through (Puma Energy) to improve the product cost. This process has not yet been concluded and hence the nature of the partnership is not yet clear to all the management.

The management of KenolKobil Limited has also been on expansion strategy within East, Central and Southern Africa region to achieve the dream of concurring Africa and diversifying. This was in line with their vision of becoming number one leader in provision of oil and energy requirement in Africa. The decision to expand was largely informed by the increased competitive environment in Kenya hence need to explore other markets. Other expansion strategy exercised was the buy-out of Shell Assets in Ethiopia, this was to launch a foot-hole in this market and concur it in the process. The premier strategy was to expand in East Africa but the board changed the options to go all the way to the central and southern African market in gradually stages.

The development of a trading desk was also a strategic decision by both the management and the board. This function was initially run in a limited capacity to transact oil in the international market. However, with the identification of the opportunity that existed in increase revenue hence improving the profits, a full- fledge section handling all the needs of the regional offices was developed and currently has representation in Tanzania as well as in Zimbabwe.

One other major great successful strategic decision made and implemented by KenolKobil Limited is the creation of a fully fledged section within marketing department that deals with non-fuel activities such as provision for rental facilities within and around the service stations, entering into dealership with the Telecommunication firms like Safaricom, Airtel, Telkom Orange and YU. This was to augment the profit margin, the section has expanded greatly and last year only contributed a significant profit margin of close to 6% of the total.

Management Development Program (MDP) for training management was another major strategic development at KenolKobil Limited. This program was founded to equip the staff with deeper management skills that are industry oriented but also focusing on an all round manager with skills in financial management, sales and marketing, operations, human resources among other managerial skills required for a good manager. All these strategic responses were due to competition and need to increase the company performance. Increased competition threatens the attractiveness of an industry and reduces the profitability of the players. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002).

4.5 Clear and Concise Strategic Procedure

Majority of the respondents indicated that KenolKobil limited have a clear and concise strategic procedure, but there is still room for improvement based on the varied views of the other respondents. While majority of the respondents indicated that there is clarity and conciseness in the strategic process, sighting that the driving forces is the company's vision, and also on proper channels of communicating the decision. Others felt that there is a lot to

be done on this process, since they are largely handled by the board whose only interaction is with the chief executive officer. This skewed decision making process according to them does not represent the real organization's and industry dynamics.

The respondents highlighted that there is need for clear procedure which call for more than just documentations and dependence on the chief executive officer. It was further noted there is need for strategic procedure to be clearly communicated and to be more inclusive of even middle and lower lever employees in during the initial stages of the formulation process of the strategy to be broader in nature and tap more knowledge

The success of efforts towards strategic change can be attributed to various actions or approaches that a firm may apply. Key among this is the establishment of a clear vision for the change management process and the desired destination (Srinivas, 2005). KenolKobil management endeavored to communicate the actions it took through various forums.

4.6 Factors influencing Length of period of formulation of the firm's strategies

The study sought to establish the length of time it takes to formulate the firm's strategies and factors that contribute toward that length. While the respondents could not specifically enumerate with examples exact periods, they were largely in agreement that it takes a short period of time to formulate the firm's strategies. The main factors that were indicated which contribute toward that short period of time were efficient means and ways of financing through the partnerships that the company has with both local and international financial institution.

The strategic plans and formulation, decisions also take a very short time since the company does not rely on the influence of a third party like other multinational companies who must seek strategy direction to act on anything. The local and central point of decision making makes everything done fast at KenolKobil. Initial stages are confidential once the management is certain about the direction to take the local decision making ability allows management to move very fast.

4.7 Approach to the Adoption of Company Strategy

The strategic change management approaches are closely related to identification of the various management processes designed to make individuals and organizations to be more successful at it Sharma, (2007). The study learnt that KenolKobil has adopted top-down approach on its organization strategy. Paton & McCalman (2008) argue strategic change management top-down approach help make results tangible, control the processes, guide decision making and offer security around uncertainties. In managing strategic change, the same approach is taken as everyone is considered to be a key player to ensure that the change is successful. The study respondents were however clear that the larger responsibility for formulation lay with the top management while middle management and the rest of the staff were mostly concerned with implementation.

It was also stated that the company's approach to strategic change management is predominantly planned rather than spontaneous. Whereas ideas are generated and proposed based on emerging realities in the market, their acceptance, approval and implementation always has to follow a predefined procedure. In this respect, the top management enjoys a greater say in deciding what gets done leading to the perception among some of the respondents that the management of strategic change does not, in fact, fully involve

everyone. In their view, middle to lower level managers are mainly concerned with implementation and only make minimal contributions to the development of strategy including change management.

Asked about the key success factors in managing strategic change, respondents mentioned the personnel, resources and the company's customers. The personnel were said to be a key factor both in terms of their ability to conceptualize and support any proposed change. As stated by one respondent, "if you get it right on the first one (conceptualization), you are not likely to get it wrong on the second (support)". This means that if members of staff are helped to conceptualize and understand strategic issues and where a particular change is headed, it would be much easier for them to support the initiatives.

Similarly, resources were considered to be important with respondents saying that decisions about resource allocation had the potential of promoting or scuttling the change plan. If the allocation of resources were to be dictated by factors other than those identified in the strategy, the strategy could fail. Respondents felt that it was important to identify key departments or personnel that would lead the change and equip them fully. Moreover, those who plan change must anticipate the response of all stakeholders, particularly customers, who were referred to as "the lifeblood of the company".

The ability and competence of managers to lead change was mentioned as a crucial element in defining the company's approach to strategic change. The interviewees said that manager sought to be competent and empowered in strategic awareness so as to deliver on set objectives. Such competence is necessary in order to manage resistance to change, critically evaluate where the company is and give clear guidance to those that work with them. The

interviewees indicated that managers at all levels are involved in the process of strategic change management at the company although the middle level managers play a more pivotal role in implementation.

On the role that communication plays in the process of strategic change management at KenolKobil, the interviewees said that it acts as a unifying force between those with responsibility for leading change and those who participate in the implementation. It affects every aspect of change management as it creates the context within which organizational objectives can be achieved. It also provides the mechanism through which timely feedback can be received concerning the progress and the challenges being encountered. Effective communication further leads to a clear understanding of the roles and responsibilities of all stakeholders. External communication was also said to be important for the image of the company. Respondents stated that external information flows must be managed well as part of change management.

4.8 Priority in Company Strategy

The study found that while implementing strategic changes, KenolKobil prioritizes various changes. The study learnt the main basis of which KenolKobil use in the coming up of the order of executing the plans were based on the urgency, the availability of finances, level of investment and return expected, human resource capabilities and availability among other resources.

Sometimes priorities do change in the middle of strategic change implementation process. Respondents suggested that just the same way it is difficult to keep a strategy on track; it is equally difficult to keep strategic change on track. One can start off in a particular direction

but before getting there, something changes internally or externally. The remedy for this is to remain vigilant, creative and flexible. Employees are encouraged to be vigilant to notice what has changed, creative to find new solutions and flexible enough to adjust their methods and approaches.

4.9 Employee Involvement in Strategic Formulation and Implementation

The respondents were divided on whether they are involved on strategic planning, formulation and implementation. Majority of the respondents felt that they are not involved on strategic planning and formulation. It was noted that the management and the board basically do not consult or involve the rest of the staff on strategic planning and formulation but are involved during implementation stage. The study did concur with the findings of Dawson, (2003), who indicated employee need to be involved in strategic planning and implementation through creation of awareness and understanding of the changes, provision of change leadership, overcoming opposition, solidifying the change process and integrating the new processes.

Interviewees confirmed that staff members are usually involved in the strategic process at the very start with many of them providing the basic information from their work areas which forms the basis for the strategy. Their early involvement helped them to perceive the goals for their departments as well as those of the entire firm clearly and enabled them to lend their support to change initiatives from a position of understanding. It also gave them a sense of ownership over the process and prevented them from being taken by surprise whenever a change had to be implemented.

4.10 Inspirational Strategies

The study established that strategies suggested by KenolKobil management were not always inspirational. This was noted to be due to employees not being enthusiastic given lack of initial involvement and consultation of the rest of the staff. Interviewees noted that to increase the enthusiasm of staff more involvement at the beginning need to be instituted.

While staff eventually accepted the changes and got involved, some staff underscored the fact that an earlier involvement and participation would have speeded the process of implementation hence much greater results. Although resistance to change did not feature prominently amongst the challenges named by the respondents, some said that it existed in a subtle form. They linked it with people's reluctance to move from their comfort zones or to change the way they do things. They stated that some employees did not readily support changes that were aimed at tackling some work-related challenges out of fear that more efficient working systems posed the danger of rendering them redundant. On the whole, resistance for its own sake was not very pronounced at the company mainly because most of the staff was at home with the concept of strategic change and its benefits in a changing environment.

4.11 Communication Feedback on Strategy Implementation

From the analysis of the study results, study established that KenolKobil quite often gets feedback on strategy implementation from its employees. At KenolKobil strategy implementation communication is done mainly through forums, meetings, and Email broadcast. A deeper research discovered that the company has a quarterly forum held every three months to discuss issues affecting the company, the progress of on-going projects as

well as deliberating on the future plans. These meetings are attended by the top and middle level management and the intention is to air out all the issues to be discussed and solutions are determined and adopted. Suggestions and recommendations through the line managers is also highly encouraged.

Therefore, from the study results it was inferred that strategy implementation communicated was efficient at KenolKobil. There should be a continuous search for feedback from other members of the organization on their thoughts about the change process and its management. Stakeholders must be requested frequently to give their feedback on the strategic change efforts and impacts. The study noted that the management of the company takes seriously, the feedback got from suggestion boxes and those raised through the customer services sections. Corrective actions are taken after receipt of feedback.

4.12 Means of Communication on Change Awareness

Change management is solidified through regular, honest communications of the change progress as well as documentation of the new business processes (Shrinivas, 2005). The study sought to establish the means of communication by the management on the awareness of change at KenolKobil limited. The respondents highlighted the following as the main means of communication; email broadcast, quarterly forum, forums, magazines and meetings.

According to the respondents, KenolKobil limited holds meetings with staff to demonstrate how the proposed change affects their jobs for the better. The bottom line is that if the change is good for the company, it is good for all stakeholders. A stable and strong company provides safety to all employees. Most importantly, employees are encouraged not to

perceive the change as being in the interests of the formulators or the change leaders. In order to minimize resistance to change, all criticism is received positively. Everyone's sentiments are considered before counter-proposals are made. During consensus-building discussions, change leaders normally find that people acquire new perspectives and end up changing their minds on a subject. This approach has the advantage of dealing with resistance preemptively, it also allows the company to use any instance of resistance as an opportunity to deepen interaction between the change leaders and those who are expected to implement or lend their support.

In order to continue creating awareness and understanding of the changes that a firm is trying to implement, the company's senior management must communicate consistently, frequently, and through multiple channels as advanced by Tobbin (1999) and Palmer (2004).

4.13 Factors that Influence the Speed of Implementing Change

The study investigated on the factors may have influenced the speed of implementing change in KenolKobil limited. The researcher found the following factors influence the speed of implementing change in KenolKobil limited: staff commitment; staff competence and skills; financial partnership both locally and internationally, Financial abilities and the business environment. Staff commitment was found to come from the various benefit schemes that the company has put in place at the different managerial levels. One respondent from the staff mentioned that one major motivating factor was the vehicle scheme, almost all staff from the middle level and above are given a car which they do not pay any cash for. It is further amortized for 60 months and after which it is written off.

KenolKobil management also recognizes that other than motivating the staff a competent staff directly leads to great results. For the foregoing reason, constant training to improve the staff skills are undertaken in all the departments' annually. Another major factor is that of financing the projects; the partnership the company has with both local and international banking institutions ensure that the acquired the finance whenever they need it, this is either directly or through letters of credit. New challenges, limitations, threats and opportunities are quickly emerging and market players must learn how to respond to these changes. According to Dawson (2003), the speed of organization restructuring has increased tremendously to accommodate the opening of trade across national borders and the development of the global market.

4.14 Clients Concerns Consideration

The study sought to establish whether the clients concerns are taken into consideration before implementing the strategic change. The study established that clients concerns are taken into consideration seriously. The respondents further indicated that due diligence is used to figure out the customer and suppliers consideration before strategy adoption. At various sections of the company including their depots suggestion boxes were placed at strategic positions to collect the feedback of the customers. The study also established the existence of a working customer response team working under the public relations section. This team respond to the issues of the customers as they arise, they also collect the feedback from the suggestion boxes every fortnight and analyze them. In addition they are also charged with monitoring the responses and comments made by the public in the media including facebook, twitter and the print media.

The study therefore established that stake holders cannot be ignored as they are key in implementing the strategic change at KenolKobil and in a competitive environment it is imperative to pay great attention to the customer and the public. The study concurs with Palmer, (2004) and Sharna, (2007) who indicated that the value of all stakeholders, key among them the employees, through their performance as well as their potential contribution is of utmost importance in implementing the strategic change.

4.15 Challenges in Strategic Implementation

The study investigated on the major challenges which were encountered in the process of strategic implementation, the study found the following challenges as the main ones: financial requirements, competition, internal resistance, human resource capacities, and red tapes and unnecessary procedures. These can be grouped into either internal or external categories. In the internal category, some of the frequently mentioned challenges included inadequate resources, outdated technology, bureaucracy and an unsupportive culture.

The external challenges included political interference in the company's business, some of which played out in the media when Kenya Pipeline Company denied the company access to products from the Open Tender System consignment. The other challenges are evident in various government regulations. The most recent one is that of the energy regulatory commission coming up with price regulation. This has made the company like many other players in the industry to adjust their strategies significantly to remain profitable.

To the question on some of the challenges that appear without being anticipated, the interviewees mostly pointed at political turbulence especially that of 2007 and 2008 when the

company lost a lot of its very expensive facilities through electoral violence throughout the country. Other non anticipated losses arose from some of their facilities being brought down after being declared to be on road reserves. Another

Another significant challenge mentioned by one of the senior staff was the serious inefficiencies experienced at the Kenya Petroleum Refinery Limited leading to delayed distillation times as well as sub – optimal distillation of the expected oil products. This has led the company to importing fully refined products which are very costly and hence higher prices to the customers. The supply challenge to the hinterland cannot go without being mentioned here. The Kenya Pipeline Company's inefficiency has also made the company just like the other oil marketer to distribute the refined products via tracks. This has increased the costs of distribution; it has also led to delays hence fuel shortages in various parts of the country including export locations.

Other factors in the external environment that had an adverse impact on change management at the organization included the increasingly sophisticated customers that the company has to serve, escalating costs because of an unfavorable exchange rate between the local and international currencies, the rising price of crude oil from the upstream market leading high importation costs. The unfavorable foreign currency exchange rate was also given as examples of prevalent challenges. In a situation of escalating costs and falling revenues, managers lose the boldness to introduce change for fear that such change can turn out to be costly and compromise profitability of their departments.

4.16 Solving Strategy Implementation Challenges

The study established the main ways of solving strategy implementation challenges were: getting support from local banks and international bank like BNP Paribas, Training of HR through Management Development program (MDP), employing expatriates, Source for Finances externally other than locals, engaging the stakeholders more and getting consultants to assist in handling strategy implementation challenges. People often do not like change they cannot control. However, if they lead or have a substantial influence on the change process, they are more likely to embrace it Blokdiik, (2008). Process consulting can be very helpful in ensuring that the contributors to the change effort are fully involved and committed, and also in avoiding groupthink issues that can turn off other parts of the organization.

According to the respondents, KenoKobil Limited holds meetings with staff to demonstrate how the proposed change affects their jobs for the better. The bottom line is that if the change is good for the company, it is good for all stakeholders. A stable and strong company provides safety to all employees. Most importantly, employees are encouraged not to perceive the change as being in the interests of the formulators or the change leaders. In order to minimize resistance to change, all criticism is received positively.

Everyone's sentiments are considered during the quarterly forum before counter-proposals are made. During consensus-building discussions, change leaders normally find that people acquire new perspectives and end up changing their minds on a subject. This approach has the advantage of dealing with resistance preemptively while also allowing the company to use any instance of resistance as an opportunity to deepen interaction between the change leaders and those who are expected to implement or lend their support.

To overcome the constraints imposed by rising costs, the company keeps a tight control on its costs so as to offer consumers quality products at a low price. It also maintains considerable flexibility in its pricing strategy so as to respond to market dynamics rapidly. Although the adjustment of prices is not entirely at the discretion of the company but determined lately by the energy regulator, the decision making process related to price-setting has been made flexible enough to allow the company to fix consumer-sensitive prices within set limits. In the recent past the company has come up with price discounts on specific days (Deal Poa) to attract more customers.

4.17 Management Involvement in Strategy Implementation

The study sought to establish the level of management involvement in strategy implementation, the study found that everyone in management were greatly involved and engaged. The study agreed with findings of Kotter, (2002) who indicated that successful change management requires a large commitment from executives and senior managers. The respondents indicated there is need for more involvement from the beginning at the strategic level not only at implementation level.

The study also established that other than the quarterly forums held by both middle level management and the senior most. The top management also meets on a monthly basis to deliberate more on the strategy issues. These meetings are attended by all the general managers from the subsidiaries, representatives of the board and various representatives from the employees. At these meeting the top managers review the progress of their work and are also held to account on various issues.

4.18 Employees Commitment to the Strategic Implementation Process

The study investigated the extent to which the employees were committed into the strategic implementation process. From the study results the study infers that majority of employees were committed into the strategic implementation process however, there were employees who are not committed into the strategic implementation process these were edge out easily through the appraisal system. The study further established that staff commitment can be fully realized if they are involved at the onset of the strategy formulation.

Most of the respondents agreed that the reason for some employees' lack of commitment was not necessarily the lack of involvement in the strategic process. There were other reasons attributable to these attitudes, some of them were found to be incompetence on the employees, and others were also due to reduced morale due to poor working relation with colleagues and line managers.

4.19 Availability of Resources

The study investigated on how the resources were committed / availed to facilitate the change. The resources are always committed as the needs arose and inform the processes. The resources committed and availed to facilitate the change through prioritization of importance. The company has a policy only to commit to a strategic change initiative after a rigorous analysis on the resource requirements for the same. Once the management is sure about the direction to take the resources are availed to facilitate the processes. This is done through both the internal and external resources as mentioned earlier.

4.20 Guideline for Strategic Change Management

The study sought the opinion of the respondents on the best guideline to following in ensuring successful strategic change management in KenolKobil Limited. The study found the following as the best guideline to following in ensuring successful strategic change management in KenolKobil Limited: involve more the stakeholders including staff at all levels in gathering information before formulation of strategies and then involve them in various stages of implementation, consultation, smoothen the feedback processes, making the benefits to be clear in the employees' minds.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter shows the summary of the findings, conclusion and the recommendation, and recommendation for further study of the case study.

5.2 Summary of the Findings

The study determined the change management strategy in response to the environmental challenges by KenolKobil Limited. The study established there were major strategic changes at KenolKobil in the last five years due to competition and need to increase the company performance. KenolKobil have a clear and concise strategic procedure, but there is still room for improvement. The respondents agreed that it take as short period of time to formulate the firm's strategies and implement them.

The respondents were divided on whether they are involved on strategic planning and formulation stage. Majority of the respondents felt that they are not involved on strategic planning and formulation but more on the implementation. From the study results the study infers that majority of employees were committed into the strategic implementation process but there are some who were not. The study further established that staff commitment can be fully realized if they are involved at onset of the strategy formulation. The study found that everyone in management were fully involved and engaged in strategy implementation.

The study learnt that the main basis for which KenolKobil use in the coming up of the order of executing the strategic change plans were on the urgency; the availability of finances, level of investment and return on investment expected, the human resources skills available and other resources. The resources are always committed as the needs arise and inform the processes. The researcher found the following factors influence the speed of implementing change in KenolKobil limited: staff commitment; staff competence and skills; financial partnership both locally and internationally, Financial abilities and the business environment. The study found the following challenges as the main ones: financial requirements in the implementation stage, competition, internal resistance, human resource, and red tapes and unnecessary procedures. The study established the main ways of solving strategy implementation challenges were; getting support from local banks and international bank; Training of HR; employing expatriates; engaging the stakeholders more and getting consultants to assist in handling strategy implementation challenges

5.3 Conclusion

The study concludes that KenolKobil Limited has been implementing change management strategy in response to the environmental challenges. The study concludes that the change management strategies in response to the environmental challenges by KenolKobil Limited are mainly due to competition and need to increase the performance of the company.

The study further concludes that, while all the top managements are involved on strategic planning, formulation and implementation not all employees are involved in strategic planning and formulation stage. From the study results the study infers that majority of employees were committed into the strategic implementation process.

The study further concludes that the main challenges in implementing change management strategy were financial requirements, competition within the industry, internal resistance, human resource capacities, and red tapes and unnecessary procedures. The study learnt the main basis for which KenolKobil use in the coming up of the order of executing the strategic change plans were based on the urgency; the availability of finances, level of investment and return expected, and other resources and human resources.

5.4 Recommendation

From the findings and discussions above, this study makes a number of recommendations for KenolKobil Limited, the oil marketing industry as well as for academic purposes. It has clearly come out that the company's success in its change management strategy has been associated with the quality of its management and staff. It is therefore recommended that KenolKobil upholds its policy of putting personnel who have competence in strategic matters into management positions and continues to facilitate their training on strategic matters.

The company has been making the best use of its communication infrastructure i.e quarterly forums, email broadcast and management meeting which is otherwise beset by low investments in technology. There is need to strengthen and streamline this area to ensure that information flows more effectively between decision-makers and implementers. This is essential to ensure that there is always a sound basis for every decision which is in line with the industry and market realities. These actions will help KenolKobil to remain responsive to environmental forces and help it to remain profitable and competitive in the market.

The communication system between the company and its stakeholders, including the general public, also needs to be streamlined in order to manage the flow of information eternally. As

a publicly listed company, KenolKobil's corporate image has implications on how successful its management of change process will be. The company image has the ability to communicate the firm's mission, the professionalism of its leadership at board level, the caliber of its employees, and its role as an agent of stability in the oil marketing sector. It is in the company's interests as well as that of the public that KenolKobil reflects a positive image through its communications.

The study further recommended that the management team at KenolKobil, both middle level and senior level be granted greater leeway to make and implement decisions. This is recommended in view of the fact that the board together with the chief executive does not involve them in most strategic changes especially during formulation and adoption period. This way the company will increase the effectiveness and efficiency of implementing change management strategy in the increasing competitive oil marketing industry.

Finally, the government needs to support KenolKobil for it to continue fulfilling its social responsibility role (stabilizing the oil refining process and establishing proper infrastructure for transporting and distributing the products) even when the business environment is hostile. KenolKobil has been very consistent for a number of years now in providing bursaries to needy but bright students to continue pursuing their education. As a Kenyan owned company, there is a tremendous amount of importance attached to its survival especially by the station dealers.

Additionally, oil need to be recognized as a strategic product which can contribute to the well-being of Kenyans, by easing the economic strains. Everyone uses this commodity in one way or another, from the rich to the poor; as such it needs to be made easily accessible and

affordable. This support will help the country achieve its main objective of having an economically empowered population to drive the economic development objectives in Vision 2030 and other blueprints for Kenya's growth and prosperity.

5.5 Limitations of the study

Since the data collection was by use of interview guide, there were challenges in securing interview appointments with those who were earmarked to be interviewed and since they were also senior management. This meant that the process of data collection took longer than was expected, hence delaying the completion of the project timelines.

Some interviewees were too busy and had very little time to spare for the interviews; this meant that the interviewer had to avoid some interview questions. In some other instances, there was also lack of time to further probe the interviewees as their schedules could not allow. Other interviews had to be carried out during non working hours; this meant that the interviewer had to organize for a meeting in a restaurant to gather the data. Consequently, one of those scheduled to be interviewed was not interviewed. The chief executive also could not find time for the interview but assigned the General Manager to do it on his behalf. This has the effect of reducing the weight of the conclusions that are made from the study and limiting generalizations to other situations or companies.

5.6 Areas for Further Research

The study recommends that a further study should be undertaken to determine effectiveness and efficiency of implementing change management strategy at KenolKobil Limited. It also recommends that future researchers should investigate on the influence of different

environmental challenges on change management strategy. It would also be interesting to carry out a further study after the acquisition of KenolKobil limited by the new company, Puma Energy, the process of which is in progress.

Lastly the business environment is dynamic and keeps changing overtime. KenolKobil limited will not always continue to hold the position of market leadership that it currently has in the industry. With the constant environmental turbulence, future studies on management of change in KenolKobil at a later time may yield different finding. Perhaps further studies could be carried out in the same company to identify how well they are doing.

5.7 Implication of the study on Policy, Theory and Practice

This study is of practical relevance to all stakeholders in KenolKobil Limited and the oil industry in Kenya. It has provided industry players with useful insights of how best to effectively manage strategic change in the changing environment. With this study managers and other practitioners can be empowered in the oil industry in Kenya with knowledge on the various roles that successful change management practice requires of them.

In theory, the study also sought to contribute to the body of knowledge, while at the same time, identifying further research gaps that other researchers may need to undertake in future. The field of strategic change management in view of new product development is large and hence an attempt to study it in relation to the oil industry in Kenya is likely to be a stimulant to other academicians to improve an understanding of the various management issues affecting this industry.

The study finally hopes to make an addition to the existing literature in the field of strategic change management in Kenyan industries and widen the scope of understanding. The researcher hopes that the study will contribute to the continuing endeavor to understand the different aspects of strategic change management. The future users of this study are expected to use it to advance their knowledge in the area of change management process, critic the study and use prevailing circumstances to improve the study.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE

Goals of the interview process

To determine change management strategies in response to the environmental challenges by KenolKobil Limited.

Interview Question

The following section provides sample questions to be used in evaluating strategic change management by KenolKobil Limited.

Background Review

The following questions are designed to confirm the ability of respondents to answer the research questions adequately.

Education Background

- i. What is the highest level of education you have received?
- ii. How long have you worked in this organization?

Change management strategy at KenolKobil Limited

The following is a list of questions designed to gather information relating to change management strategy at KenolKobil Limited.

1. Are you aware of any major strategic changes that have occurred in KenolKobil in the last 5 years? If yes, enumerate?
2. Does the organization strategy procedure clear and concise? If no, suggest ways to improve the way to carry it out?
3. How long did the formulation of the firm's strategies take and what factors determine the duration?
4. What approach can you describe the organization strategy to adopt? Top-down or bottom- up?
5. While strategic change, does the organization prioritize the various changes? If yes, what basis does the organization use in the coming up of the order of executing the plans?
6. Were all employees representatives involved before arriving at the strategies to be implemented?
7. Are the strategies suggested by the management inspirational?
8. How often is feedback on strategy implementation communicated to you / employees?
9. What means of communication does the management use to communicate the awareness of change at KenolKobil Limited?
10. What factors may have influenced the speed of implementing change in KenolKobil Limited?
11. Were the concerns of the clients taken into consideration before implementing the strategic change?
12. What were the major challenges which were encountered in the process of strategic implementation?
13. How has the management reacted to strategy implementation challenges that exist at KenolKobil Limited?

14. How would you rate the level of management involvement in strategy implementation?
15. To what extent were the employees committed to the strategic implementation process?
16. How were resources committed / availed to facilitate the change?
17. What would you offer as the best guideline to follow in ensuring successful strategic change management in KenolKobil Limited?

APPENDIX II: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI

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MBA PROGRAMME

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P O. Box 30197
Nairobi, Kenya

DATE 27TH JULY, 2012

TO WHOM IT MAY CONCERN

The bearer of this letter OJWANGI THOMAS ODOL

Registration No. D61/62974/2011

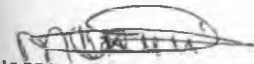
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.




IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE



APPENDIX III: CONFIRMATION OF DATA COLLECTION BY KENOLKOBIL

The University of Nairobi
P.O Box 30197, G.P.O, Nairobi, Kenya
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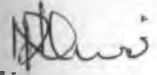
29th July, 2012,

Dear Sir/ Madam

RE: TO WHOM IT MAY CONCERN

We acknowledge receipt of your letter requesting us to allow Thomas Odol Ojwang, student registration number; **D61/62974/2011** to carry out research in our company for his academic work. We are glad he has chosen our company for this kind of study and we hope the results of the study will be of great benefit to us.

We therefore accept your request and will allow Thomas Odol the permission to go ahead and carry out the interview with our senior management staff as requested. We hope that the information we will provide him with will be treated with utmost confidence.


Yours sincerely,

Human Resources Manager

