CHANGE MANAGEMENT STRATEGIES ADOPTED BY FAST MOVING CONSUMER GOODS COMPANIES IN KENYA TO IMPLEMENT THE ENTERPRISE RESOURCE PLANNING SYSTEM

By

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD OF DEGREE OF MASTER IN BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

NOVEMBER 2012

DECLARATION

I hereby declare that this research project is my original work and has not been presented for a degree in any other University.

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(D61/66939/2011)

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

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ACKNOWLEDGEMENTS

I am indebted to God for having enabled me complete this MBA program. His abundant love, care and grace throughout this period and having cultivated in me a profound hope and faith that my prayers have been answered. Thank you Lord!

I owe my supervisor Prof. Martin Ogutu special gratitude for his immense support and guidance. His positive criticism greatly enhanced and enriched this study. Thank you for your patience and for being so willing and available during the research project. I must say that I was blessed to have you as my supervisor.

My heartfelt gratitude and appreciation goes to my family members. Special thanks to all my friends and colleagues for your continuous support and encouragement and having been helpful in proposing useful amendments to this research project.

DEDICATION

This project is dedicated first and foremost to the almighty God whose providence, grace and care I cherish.

To my daughter Sharlyn, I know you will do exploits in your time!

To my partner Mike Kosgey, thank you for your love and support.

My Mother Beth Ogongi and Sister Dorcas Anunda thank you for your support and understanding I love you guys.

My loving friends Stella Kilonzo, Mary Nderitu, Christine thanks for not only for your support, but for always being there for me.

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ABSTRACT

Organizations are continually facing the need to change their structures, objectives, processes, and technologies. This thus makes it necessary to make changes to sustain their competitive advantage. The objective of the study was to determine the change management strategies that are adopted by FMCG's in Kenya in the implementation of ERP systems. Cross-sectional survey was used in the research. The targeted population was FMCGs companies in Nairobi. According to the Kenya Manufactures and exporters directory there are 20 multinational and 60 local FMCG's companies in Nairobi. Appropriate sample of 40 FMCG's companies were approached through a structured questionnaire. Various change management strategies were studied and their popularity among the FMCG's in Kenya measured. The survey results showed that the most popular change management strategies included; Establishing the change process time frame with a mean score of 4.52, Creating change goals and vision with a mean score 4.50, Learning change management culture with a mean score 4.42,Creating visible short-term wins with a mean score of 4.35, Communication of expected change with a mean score 4.02.The least popular were; Empowering others to act on the vision with a mean score 3.50, Consolidating each change improvement to the vision with a mean score 3.50, Establishing a sense of urgency to change with a mean score 3.32 and Positive reinforcement with a mean score 3.28. The study recommends that consistent use of change management strategies has accounted for the success of FMCGs in Kenya in the implementation of the ERP system.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizations are continually facing the need to change their structures, objectives, processes, and technologies. This thus made it necessary to make changes to sustain their competitive advantage. Many have adopted enterprise resource planning (ERP) systems to help do this. Studies have reported that about 80% of Kenya FMCGs companies have adopted an ERP system (Island Consulting, 2000).

People, organizational, and change management strategies on an ERP system implementation are usually more difficult to deal with. ERP system implementation in any business causes employees from different departments to become more knowledgeable about business in general (Hall, 2002). While this was good, it also presented a set of knowledge transfer process challenges that implementers without the depth of project and business skill may not be able to navigate.

1.1.1 Change management strategies

The change management strategies define the approach needed to manage change given the unique situation of the project or initiative. There are three Change management strategy elements namely; Situational awareness which entails understanding the change and who is impacted, Supporting structures which are team and sponsor structures and the Strategy analysis such as risks, resistance and special tactics.(http://www.change-management.com)

Change management is an important aspect of management that tries to ensure that a business responds to the environment in which it operates. There are four key features of change management; Change is the result of dissatisfaction with present strategies, it is therefore essential to develop a vision for a better alternative. Management has to develop strategies to implement change without resistance. Many factors drive change example the Lewin's model identifies forces driving change and forces restraining it. Where there is equilibrium between the two sets of forces there will be no change. In order for change to occur the driving force must exceed the restraining force (Lewin, 1951)

Studies suggest that people challenges are more difficult to manage than the technical problems (Aladwani, 2001). Change management is brought about through the implementation of change management strategies (Ngai, 2008). Change management is important, starting at the project phase and continuing throughout the entire process of the project (Nah, 2001).

Cooke and Peterson (1998) identified change management, in terms of adopting an ERP system, as activities, processes, and methodologies that support employee understanding and organizational shifts during the implementation of ERP systems and reengineering initiatives. Kerimoglu (2006) proposes a model for optimizing change management and implementing ERP system successfully. The Model suggests the gaps between technology, human and organization and how the gap can be minimized. Bancroft et al. (1998) was among the first who stressed that ERP implementation is a change management process.

1.1.2 Enterprise Resource Planning (ERP)

Mureell (2001) described Enterprise resource planning (ERP) as a system that integrate internal and external management information across an entire organization. These functions are finance/accounting, manufacturing, sales and service, customer relationship. ERP systems automate this activity with an integrated software application. The purpose of ERP is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders. ERP system helps the different parts of the organization share data and knowledge, reduce costs, and improve management of business processes.

ERP system is a software package of different modules such as fixed assets management, controlling, financial accounting, manufacturing, human resources, planning and development (O'Leary, 2000).The enterprise resource planning (ERP) system is an integrated set of programs that provides support for core organizational activities such as manufacturing and logistics, finance and accounting, sales and marketing, and human resources.

Another stream of research that also deals with the introduction of new products (or ideas) puts forth a different story. Despite the large number of new products and services that they introduce every year, marketers can still achieve high rates of success because of use of ERP system (Bogart, 1984).By Al-Mashari (2004), ERP systems can be regarded as one of the most innovative developments in information technology with the growing interest of many organizations moving from functional to process based IT infrastructure, ERP systems have become one of today's most widespread IT solutions.

He concluded that ERP system implementation differs from time to time, from one economy to another and from one organization to another and should be decided depending on a set of circumstances.

1.1.3 Fast Moving Consumer Goods (FMCG's)

The FMCG's includes food and non-food everyday consumer products. They are usually purchased as an outcome of small-scale consumer decision. Typical purchasing of these goods occurs at grocery stores, supermarkets, hypermarkets and shops. (http://www.sensact.com). Fast Moving Consumer Goods industry comprises of goods which are mass use goods directly consumable, packaged and branded having significant demand in low to middle income strata and above all are highly price sensitive *(www.fmcg.ws).*

Majumdar (2004) describe the term FMCGs as those retail goods that are generally replaced or fully used up over a short period of days, weeks, or months, and within one year. This contrasts with durable goods or major appliances such as kitchen appliances, which are generally replaced over a period of several years.

By Brierley (2002), FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs – such as meat, fruits and vegetables, dairy products and baked goods – are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates.

The following are the main characteristics of FMCGs: From the consumers' perspective, FMCGs are characterized as being Frequent purchased, there is low involvement (little or no effort to choose the item – products with strong brand loyalty is exceptions to this rule), and most products are of low prices. From the marketers' angle, the products have high volumes, low contribution margins, extensive distribution networks and high stock turnover. (Brierley, 2002)

1.2 Research problem

Change management is one of the biggest tasks a business may be involved in. This does not only require a significant amount of funding but also require unappealing commitment throughout the whole business component. It is a deliberate approach to bring major changes towards people's expectations to move the business forward smoothly (Commonwealth of Pennsylvania).In most cases when the need of change appears, businesses have no option other than responding it or else losing their competitiveness in market. Changes will be more likely the only way and yet a painful moment for business to survive (Island Consulting, 2000).

By doing change management, businesses are expected to be able to perform rapid changes to minimise costs while maintaining its consistency and existence of its staff in order to bring a new system into the current one such as implementing ERP system. Apart from that, change management will also increase the flexibility of business to deal with future changes and in the end, increase the productivity of the business. The main concept of change management in ERP implementation is bringing an understanding that in post-industrial phase business should be customer oriented rather than production oriented. Business should prioritise the point of "what final product is preferred by customers and how to deliver the product in the right time" above "how to produce cheap, high volume sellable products". (Al-mashari (2004)

To accomplish all those necessities, traditional approach of business processes must be replaced with a modern system such as ERP. The right functional team in the right position with the right strategies and the right timing will be able to produce highly sellable excellent products. In the same time, as ERP requires standardisation of the business processes, change management will be needed to ensure the damages caused by transformation can be avoided or minimised. (Island Consulting, 2000). ERP implementation involves a lot of change management and realignment of departments where a new culture has to emerge in managing resource from a focal point (O'Brien, 1999).

There is previous research literature on ERP system implementation but none focuses on change management strategies, used by FMCGs companies in Kenya.

Studies on change management strategies in ERP system implementation are limited. Given that FMCGs companies in Kenya are embracing this technology and the enormous resources involved in the implementation, it is critical to study the change management strategies adopted by FMCG's in Kenya in the implementation of the Enterprise Resource Planning system. This thus leads us to the research question which was what are the change management strategies that are adopted in the implementation of ERP systems by FMCG's in Kenya?

1.3 Research Objectives

Determine the change management strategies that are adopted by FMCG's in Kenya in the implementation of ERP systems.

1.4 Value of the study

For the scholars, the study provides additional information to the body of literature in the field of ERP implementation, as it shows the change management strategies used by FMCG's in Kenya for successful ERP system implementation.

The study findings provide useful and pertinent information to FMCG's managers and thus enabled them to device change management strategies that would successfully enable ERP implementation, various scholars can also conduct a study to verify the study's findings. The study therefore formed a basis for conducting further research.

For the other similar organizations for example the ministry of trade, the study offers a basis for further development of the knowledge on the ERP system implementation in Kenya. The study also sought to outline key policy issues that should be considered by the government and stakeholders in promulgating a framework for the sustainable development.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focused on review of the pertinent literature of change management strategies. According to Polit (1999) a literature review comprises the searching, identification and understanding of information relevant to the research topic. The chapter is divided into; Concept of change; Change management strategies; Challenges of change management and Strategy implementation.

2.2 Concept of change

The evolution of the change management field stems from psychology, business and engineering. Hence, some models are derived from Organizational Development perspective whereas others are based on individual behavioral models (Moore, 1999). Change can be viewed as a one-off event, an exception to the normal running of an organization and, therefore, something to be dealt on an issue-by-issue basis as it arises (Burnes, 2004). As described by Pettigrew and Whipp (1991) the implementation of change is an interactive, cumulative and reformulation-use process.

There are two main types of change: strategic and operational. Strategic change is concerned with organizational transformation which deals with broad, long-term and organization-wide issues. It is about moving to a future state which has been defined generally in terms of strategic vision and scope. Operational change relates to new systems, procedures, structures or technology which will have an immediate effect on working arrangements within a part of the organization (Armstrong 2006).

According to Hardy (1993) change management entails unfolding non-linear dynamics processes during strategic implementation. It involves alignment and realignment of policy, systems, styles, value and staff skills of an organization to realize a strategy, thus change management entails actions, processes and decisions that are executed by an organization to realize their strategic intention.

An early model of change developed by Lewin (1951) described management of change to involve a three-stage process. The first stage is called unfreezing which involves overcoming inertia and dismantling the existing mindset. Defense mechanisms have to be bypassed. In the second stage the change occurs. This is typically a period of confusion and transition where employees become aware that the old ways are being challenged. The third and final stage he called refreezing. The new mindset is crystallizing and one's comfort level is returning to previous levels.

A formula of change was developed by Geicher (2000) and is sometimes referred to as Gleicher's Formula. The formula illustrates that the combination of organizational dissatisfaction, vision for the future and the possibility of immediate, tactical action must be stronger than the resistance within the organization in order for meaningful changes to occur. Organizational change management includes processes and tools for managing the people side of the change at an organizational level. These tools include a structured approach that can be used to effectively transition groups or organizations through change. When combined with an understanding of individual change management, these tools provide a framework for managing the people side of change (Beckhard, 1989).

2.3 Change management strategies

Change management strategies are a combination of three main processes namely: strategy formulation, strategy implementation and strategy evaluation. Strategy formulation process is sometimes referred to as determining where you are now, determining where you want to go, and then determining how to get there. These three questions are the essence of change management.

There has been a number of practioners that have contributed to change management strategies. One of them was Dawson (1994), who supported the process/contextual perspective. This approach states that in order to understand the process of change, the organization needs to consider the past, present and the future context in which the organization functions. The substance of the change itself and its significance include the transition process, tasks, activities, decisions, timing, sequencing, and political activity, both with and without the organization. Dawson identified five specific aspects of internal context which are human resources, administrative structures, technology, product or service, the organization history and culture.

Another practioner was Lewin (1951), who advocated for the action research model which entails systematic collection of data, and then selection of a change action based on what the analyzed data indicates. The process of action research consists of five steps which are diagnosis, analysis, feedback, action and evaluation. He also proposed a three-step model that identifies 3 key stages in change management strategies.

In the unfreezing stage, the organization should dismantle old things that support the previous behavior. This will involve creating an environment of readiness to acquire and learn new things and behavior. Since employees are not willing to accept new ways of doing things, they may require a trigger. In the change stage, the organization will present a new alternative, by introducing clear and appealing options for a new pattern of behavior. This may be gradual or drastic but the process should be planned. In the refreezing stage, the organization is required to formally and informally reinforce changed behavior; the managers are encouraged to use their positive reinforcement.

Bullock and Batten (1985), proposed a 4 stage model that entails; an exploration phase that involve the awareness of need for change and searching for solutions. The planning phase involves understanding the problem, collecting information, selecting change goals and designing action plans. In the action phase, the organization arrange for management of change and a feedback process. In the final stage of integration, it entails consolidating and stabilizing change, while reinforcing new behavior.

Another practioner was Kotter (1996) who came up with an 8 step model, and he urged that successful change goes through all the eight stages. these are; establishing a sense of urgency, forming a powerful guiding coalition, creation a vision, communicating the vision, empowering others to act on the vision, planning for and creating short term wins, consolidating improvement and producing more change and the final strange is institutionalizing new approaches.

2.4 Enterprise Resource Planning

In a research done by L. Wylie (1990),it was established that the Gartner Group first employed the acronym ERP as an extension of material requirements planning (MRP), later manufacturing resource planning and computer-integrated manufacturing. Without supplanting these terms, ERP came to represent a larger whole, reflecting the evolution of application integration beyond manufacturing. Not all ERP packages were developed from a manufacturing core. Vendors variously began with accounting, maintenance and human resources. By the mid–1990s ERP systems addressed all core functions of an enterprise. Beyond corporations, governments and non–profit organizations also began to employ ERP systems.

"ERP II" was coined in the early 2000s. It describes web–based software that allows both employees and partners (such as suppliers and customers) real–time access to the systems. The role of ERP II expands from the resource optimization and transaction processing of traditional ERP to leveraging the information involving those resources in the enterprise's efforts to collaborate with other enterprises, not just to conduct e-commerce buying and selling. Compared to the first generation ERP, ERP II is said to be more flexible rather than confining the capabilities of the ERP system within the organization, it is designed to go beyond the corporate walls and interact with other systems. "Enterprise application suite" is an alternate name for such systems. (Hussein, 2004)

By Khosrow–Puor (2006), ERP (Enterprise Resource Planning) systems typically include the following characteristics: It is an integrated system that operates in real time (or next to real time), without relying on periodic updates. Has a common database, which supports all applications. ERP (Enterprise Resource Planning) systems provide a consistent look and feel throughout each module. The installation of the system is done without elaborate application/data integration by the Information Technology (IT) department. The fundamental advantage of ERP is that the system integrate the myriad processes by which businesses operate saves time and expense. Decisions can be made more quickly and with fewer errors. Data becomes visible across the organization. ERP systems centralize business data, bringing the following benefits: They make real–time information available to management anywhere, any time to make proper decisions. They protect sensitive data by consolidating multiple security systems into a single structure. (Ellen and Wagner, 2009).

Ellen and Wagner, (2009) continues to further explain that the major benefit of an ERP system is that it can greatly improve the quality and efficiency of a business. By keeping a company's internal business process running smoothly, ERP can lead to better outputs that will benefit the company such as customer service, and manufacturing. The system provides support to upper level management to provide them with critical decision making information. ERP also creates a more agile company that can better adapt to situations and changes. ERP makes the company more flexible and less rigidly structured in an effort to allow the different parts of an organization to become more cohesive, in turn, enhancing the business both internally and externally.

A potential disadvantage is that adopting "standard" processes can lead to a loss of competitive advantage. Other disadvantages include; Customization which can problematic. Re–engineering business processes to fit the ERP system may damage competitiveness and/or divert focus from other critical activities. ERP can cost more than less integrated and/or less comprehensive solutions. High switching costs associated with ERP can increase the ERP vendor's negotiating power which can result in higher support, maintenance, and upgrade expenses. (Ellen and Wagner, 2009).

Other disadvantages sited were; Overcoming resistance to sharing sensitive information between departments can divert management attention. Integration of truly independent businesses can create unnecessary dependencies. Extensive training requirements take resources from daily operations. Due to ERP's architecture (OLTP, On-Line Transaction Processing) ERP systems are not well suited for production planning and supply chain management (SCM).Harmonization of ERP systems can be a mammoth task (especially for big companies) and requires a lot of time, planning and money. (Davenport, 1998)

2.5 Strategy implementation

Strategy implementation involves; Allocation of sufficient resources such as financial, personnel, time, and technology support. It also entails establishing a chain of command or some alternative structure such as cross functional teams. Assigning responsibility of specific tasks or processes to specific individuals or groups .It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. When implementing specific programs, this involves acquiring the requisite resources, developing the process, training, process testing, documentation, and integration with legacy processes. (Pearce R, 1991).

Strategy implementation also involves measuring the effectiveness of the organizational strategy (Davidson 1996). Successful change requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of these changes. The most recent research points to a combination of organizational change management tools and individual change management models for effective change to take place.

O'Donovan (2006) designed a strategic implementation plan for a culture transformation program which is largely based on primary research. The first phase strategic planning and design includes a series of steps; back to the drawing board to revisit the company purpose, form the strategic management team to oversee implementation, create program vision and define strategy, organize the workforce and design the core program and cultural embedding mechanisms that will support it. The second phase is strategy implementation which includes these steps; communicate vision and roll-out, manage the human landscape plus maintain momentum and solidify ground made. The final phase is evaluation and readjustment which focuses on the measuring of results and also planning for the future.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data. Here the researcher aimed at explaining the methods and tools and to present data of analyzing to get proper and maximum information related to the subject under study. It includes Research design, target population, sample design, data collection, and data analysis methods that were used.

3.2 Research Design

This was a cross-sectional survey. According to Donald (1998), a survey design is concerned with finding out the what, where and how of a phenomenon. According to Orotho, (2003), a cross-sectional survey guides the researcher in collecting, analyzing and interpreting observed facts. It is thus a method of collecting information by interviewing or administering a questionnaire to a sample of individuals.

Mugenda & Mugenda (2003) supports this view by asserting that this type of research design attempts to describe such things as possible behavior, attitudes and characteristics. Cross-sectional survey was appropriate in that it enabled the researcher to have a systematic collection and presentation of data. This was in order to determine the change management strategies adopted by fast moving consumer goods (FMCGs) companies in Kenya in implementing the enterprise resource planning (ERP) system.

3.3 Target Population

The targeted population was FMCGs companies in Nairobi. According to the Kenya Manufactures and exporters directory (2011), there are 20 multinational and 60 local FMCG's companies in Nairobi. Appropriate sample of 40 FMCG's companies were approached through a structured questionnaire (see appendix 1). The research was conducted in Nairobi as this region provided an empirical group of respondents who were already involved in change management strategies.

3.4 Sample design

A sample size of 40 FMCG's was selected for the study, from 20 multinational FMCG's and 60 local FMCG's see (table 1 below). The researcher believed that the sample size was representative of the population given the homogeneity of the population. In order to determine the change management strategies adopted by fast moving consumer goods (FMCG) companies in Kenya in the implementation of the enterprise resource planning (ERP) system, a proportionate stratification sampling was used.

Within this method, the FMCG's were divided into two stratums which are multinational FMCG's and local FMCG's in Kenya. The basis was size, branches and the period the FMCG has been operating. The rationale used to establish the sample size was the fact that the sample was a holistic representation of the population.

Table 1 Stratified Sample of Fast Moving Consumer Goods Company in Nairobi.

Categories	Population	Sample
Multinational FMCG's	20	10
Local FMCG's	60	30
Total	**80**	**40**

(Source: Kenya Manufacturers and Exporters Directory, 2011)

3.5 Data Collection

Data collected was qualitative and quantitative in nature. Primary data was obtained using a semi structured questionnaire (see appendix 1). The questionnaire was divided into three sections. Section A, which contained demographic questions and section B which focused on change management strategies in implementing the ERP systems.

The researcher targeted informants who are members of the task force charged with the responsibility of implementing the ERP systems. These are; Chief Executive Officer, Managing Directors, Human Resource Managers, Financial Controller, Financial Managers and the ICT Managers. Secondary data was obtained from official journals, publications, books and unpublished research projects.

3.6 Data Analysis

Data collected by the structured questionnaire was analyzed by the use of measures of central tendency such as frequency distribution tables, percentages, and means.

Measures of central tendency yield the expected score or measure from a group of score in a study. Data was entered, cleaned and coded by creating categories using numeric values.

Use of statistical techniques was also applied, particularly measures of variations such as standard deviation and correlation analysis. The information was displayed by use of bar charts, graphs. This helped to determine the change management strategies that are adopted by FMCG's in Kenya in the implementation of ERP systems and the challenges encountered in change management.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Qualitative and quantitative data was collected by use of a questionnaire. The number of respondents who participated in this survey totaled to 40 with a response rate of 100%. The first part involved descriptive analysis on participants' profile. The second part involved descriptive statistics to determine the change management strategies that are adopted by FMCG's in Kenya in the implementation of ERP systems.

4.2 Change Management strategies

The objective of the study was to determine the change management strategies that are adopted by FMCG's in Kenya in the implementation of ERP systems. The respondents were asked to indicate how they were applying certain change strategies during the implementation. They were to indicate on a scale of 1 to 5, where 1=not at all, 2=little extent, 3=moderate extent, 4=greater extent, 5=very great extent.

The scoring was done such that not at all was given a score of 1, little extent a score Of 2, moderate extent a score of 3, greater extent a score of 4 and very great extent a score of 5.The data was analyzed through mean score, which indicated that the greater the mean score, the greater the extent. This analysis has been presented in table 2 with mean scores arranged in descending order.

Table 2: Change management Strategies

Strategy	Mean Score	Standard Deviation
Establishing the change process time frame	4.52	0.506
Creating change goals and vision	4.50	0.506
Learning change management culture	4.42	0.594
Creating visible short-term wins	4.35	0.662
Communication of expected change	4.02	0.768
Creating a conducive change environment	3.85	0.736
Creation of change vision	3.82	0.675
Producing more change	3.60	0.632
Institutionalizing new approaches	3.60	0.591
Communicating the change vision	3.55	0.552
Dismantling old things that support the previous behavior	3.50	0.599
Empowering others to act on the vision	3.50	0.555
Consolidating each change improvement to the vision	3.50	0.599
Establishing a sense of urgency to change	3.32	0.616
Positive reinforcement	3.28	0.554
Combined Mean	**3.82**	

(Source: Kotter, J.P. (1996).Leading Change: Why transformation effort fail. Harvard Business Review, March-April, pp.59-67.)

Types of change management strategies applied in implementing ERP systems by various organization were assessed using fifteen survey statements in which respondents were asked to rate the extent to which they applied the strategies in implementing ERP systems at their organization .A likert scale with five options ranging from 1=not at all, 2=little extent, 3=moderate extent, 4=greater extent, 5=very great extent. The grand mean was 3.82.This implied that change management strategies in ERP System implementation was a popular/common practice.

According to the table the most popular change management strategies were; Establishing the change process time frame with a mean score of 4.52, Creating change goals and vision with a mean score 4.50, Learning change management culture with a mean score 4.42,Creating visible short-term wins with a mean score of 4.35, Communication of expected change with a mean score 4.02, while the least popular were; Empowering others to act on the vision with a mean score 3.50, Consolidating each change improvement to the vision with a mean score 3.50, Establishing a sense of urgency to change with a mean score 3.32 and Positive reinforcement with a mean score 3.28.

It was observed that application of various change management strategies was above average that is above 2.5, where the respondents agreed with the fact that establishing the change process time frame was a top priority change management strategy with the highest score of 4.52. On the other hand, creating change goals and vision was highly prioritized among the organizations as a change management strategy with a score of 4.50. Learning change management culture and creating visible short-term wins were also some of popular change management strategies. However, positive reinforcement was not popular among the organizations with low score 3.28.

4.3 Discussion of Findings

The research was based on Kotter (1996) eight step model, which included the following strategies: establishing a sense of urgency, forming a powerful guiding coalition, creation a vision, communicating the vision, empowering others to act on the vision, planning for and creating short term wins, consolidating improvement and producing more change and the final strange is institutionalizing new approaches. The research findings showed that creating short term wins was a popular strategy among the FMCGs studied.

FMCGs using creation of change vision appeared to be somehow popular. Communicating the vision as change management strategy was averagely used by the studied FMCGs. The result also showed popularity of empowering others to act on the vision and consolidating each change improvement to the vision as change management strategies. However, establishing a sense of urgency was not popular among companies in the research.

Bullock and Batten (1985) proposed a four-stage model that included consolidating and stabilizing change, while reinforcing new behavior. The results showed popularity of learning change management culture as a change management strategy among the FMCGs. Dawson (1994) proposed that the substance of change include the transition process, tasks, activities, decisions, timing, sequencing, and political activity, both with and without the organization. The survey results revealed high popularity of establishing the change process time frame as change management strategy among the studied companies.

Research by Lewin (1951) proposed a three-step model that identifies three key stages of unfreezing, the change stage and refreezing. However for the first stage of unfreezing where the organization should dismantle old things that support the previous behavior, the study revealed that this was not a popular strategy. However the aspect of creating an environment of readiness to acquire and learn new things and behavior were popular change management strategies used by most FMCGs studied. However the change strategy of positive reinforces was quite unpopular and as the study revealed it scored the least since employees are not willing to accept new ways of doing things.

Research literature by Nyandiere (2002) that focused on evaluation of the successful implementation of ERP system at Haco Industries, made conclusions that for successful ERP implementation, change management strategies are critical. Such change strategies mentioned were creating change goals and vision, having a learning change management culture, creating visible short-term wins, communication of expected change and empowering others to act on the vision and consolidating each change improvement to the vision. The findings in the study, was thus consistent with this research.

Another is by Nyagah (2006) which focused on investigating critical success factors for successful implementation of enterprise resource planning (ERP) systems in Kenya. His research indicated that fast moving consumer goods trading environment is changing rapidly. This is due to advent of globalization and liberalization of the Kenyan economy where many foreign FMCGs have entered the local market increasing competition of local FMCGs firms. This shows consistency in the research because most of the companies analyzed have implemented their ERP system in the last 5 years of their operation.

Generally, most of the change management strategies proposed by the various practitioners were consistent with the research findings. This makes it very necessary for the various FMCGs to apply these change management strategies in implementation of ERP systems.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the results of the survey findings, gives conclusion and the limitations of the study. It also provides the suggestions for future study and recommendations for policy and practice.

5.2 Summary of Research Findings

Enterprise resource planning (ERP) systems have an organizational impact and are in most cases implemented to improve organizational effectiveness. Shortcomings in current research make it difficult to conclude how an organization may be affected. This result presents an artifact evaluation of the change management strategies applied in implementation of ERP systems. The evaluation is based on the competing values model.

The evaluation shows that ERP systems support effectiveness criteria (such as control and productivity) related to internal process and rational goal models. The evaluation also points out weaknesses in change management strategies towards implementation of ERP systems and especially in areas related to human relations and open systems models.

The integration of enterprise systems and the supply chain to an organization is becoming more critical in an ever-changing, globally competitive environment. As markets mature and customer preferences become more diverse and specific, quick response to those needs is required to maintain competitive advantage. This quick response will require close relationships, especially communications and information sharing among integrated internal functional groups, as well as the suppliers and customers of an organization.

All respondents investigated believe that change management strategies are necessary in implementing ERP systems. ERP as a resource is difficult to copy with limited time and resources, but with proper guidance, organizations can design and develop a system to perform the same functions. Other ERP vendors can provide equally good software. What is essential is that one must be able to identify which component or area one vendor is strong at.

The findings here suggest that change management strategies are generally viewed as valuable tools in implementing ERP systems which raise organizational efficiency. This is achieved through standardizing procedures and data for end users on all levels. Creating change goals and vision was observed to be a change management strategy that is very important for implementing ERP systems. The vision/ mission and organizational values of the companies studied proved relevant to ERP.

Among the things that have to be considered in the adoption of ERP by local companies is whether or not organizational cultures lead to a conducive environment for new technological applications. Values that permeate the organizations can provide clues on the effective use of resources or tools such as ERP.

All companies emphasize excellence in the organization. All companies are results oriented. In this regard, information and timeliness are key to achieving this. As a result the survey results showed that establishing the change process time frame was an important change management strategy. People are regarded as valuable resources. The survey results showed that communication of expected change to the employees was highly valued strategy. Positive attitudes and effective participation contribute to attaining excellence and safety in the performance of work. Some companies also experience challenges to these values from some organizational members who are resistant to change and are less time-conscious.

Apparently, the management level has internalized the values that are relevant for ERP to work. What is needed is to make these values pervasive throughout the organization so that other members who are likewise users of the software would be able to maximize the benefits to be derived from it.

A number of factors have to be considered for ERP to be successfully implemented. While ERP promises the benefits of an integrated system, companies inter-viewed only had partial implementations of the change management strategies. This partial implementation of ERP does not really provide the true benefits one would expect from ERP system.

It may also be noted that the crucial factors here are not so much the technical issues but more of the organizational ones. It seems that the technical aspects are not the overriding factors in the successful adoption of ERP. What really spell the difference are leaders/managers of change strategies implementing the ERP. The role of leadership/management is vital in ensuring that the change strategies adopted achieve the desired goal.

Leadership/management can direct the change in establishing the change process time frame, creating change goals and vision, learning change management culture, creating visible short-term wins and communication of expected change. The goal of ERP system implementation is to support the business. Vendors should avoid designing a system that the ERP system is capable of providing, but which is beyond the capability of the company to absorb as a routine part of the daily business. Implementation of ERP is often extremely complex; service of consultants is extremely important and is essential to a successful selection and management of ERP implementation.

Although change management strategies strive to integrate all the major processes of an organization, certain respondents still found that some essential functionality is lacking. Many complained that the objective of the system had not been delivered.

5.3 Conclusion of the Study

To the best of our knowledge, our study is the first to examine the change management strategies that are adopted by FMCGs in Kenya in the implementation of ERP. As expected, we found that various change management strategies are adopted by FMCGs in Kenya in the implementation of ERP.

The consistency of change management strategies has accounted for the past success of FMCGs in Kenya in the implementation of ERP. The differentiation and niche market strategies have worked well throughout the time. However, in the beginning of 2000s, the management envisaged the changing in future trends such as the change in customer needs and the more consciousness on price. Even though FMCGs are quite successful in formulating and implementing change management strategies in the past, there are some key areas that have to improve as discussed in implementation issues which include establishing the change process time frame, creating change goals and vision, learning change management culture, creating visible short-term wins and communication of expected change.

The findings of this study are expected to assist FMCG's corporate brand-management teams to better understand the value of effective change management strategies. For FMCGs, whose goal is to maximize the market value of their asset, recognizing the role of change management strategies is beneficial in flagging decisions.

Some recommendation has been made in this paper to aid the management to improve the effectiveness and efficiency in doing business. In the future, as FMCGs operate in highly turbulent market, the management has to concentrate on envisage the change in any relevant trends and, at the same time, must continuously improve internal capabilities in order to respond to those changes quickly and effectively to ensure their success. In addition, effective strategies rely on the organization learning by doing. If it is to sustain performance in the even turbulent future environment, FMCGs will have to become learning organization capable of continuous adaptation.

New, more complete ERP packages are expected to be cheaper and easier to implement. The shortage of human resources, however, is a problem which must be addressed to continue the growth in the marketplace.

5.4 Limitations of the Study

The measures used, while providing good reliability and validity, have their limitations, especially in the case of the change management strategies applied. The measures obtained were fully dependent on the response of the respondents which could lead to wrong conclusion incase of exaggerated responses.

Future research should concentrate on the further development of the constructs used in the study, particularly that of the change management strategies applied and replicate the study under real life conditions within different product categories and with a representative sample.

5.5 Suggestions for Future Study

This cross sectional survey provides an insight on organization change management strategies, which is a major consideration in the ERP system implementation discourse. Future studies should consider organizational culture adjustments needed for effective ERP implementation, especially in developing countries.

Further studies may emphasize the factors affecting ERP adoption by small- and medium-scale enterprises. Sector- and industry-specific case studies may also be conducted to develop models illustrating ERP's contribution to raise firms' competitive advantage.

5.6 Recommendations for Policy and Practice

On-site experts should be made available to new users of the system. This will help in easy communication of the company's change management strategies. FMCG's should conduct a thorough Strategic Plan in order to counter market forces that compel the company to make radical shifts in its organizational environment and culture. The Firm's should align IT Plans with Business Plans by conducting reengineering studies and developing strategic IT plans to align key IT needs with those of the business.

Top Management Support is paramount because it helps in establishing change management strategies that align to the change goals to the vision and mission of the firms. Change Managers should set realistic user expectations such as the initial productivity tips. User involvement is critical. Of importance is improving and creating positive reinforcement and dismantling old things that change behavior.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Section A; Personal Details

1. Your name (optional)……………………..………………………..

2. Your companies name……………………..……………………….

3. Gender

   Male ( )

   Female ( )

4. Your level of education

None Primary ( ) High school ( ) college/university ( ) post graduate ( )

5. For how long have you been working in this FMCG Company? (Yrs)

   0 – 4 years ( )

   5-10 years ( )

   10-20 years ( )

   Over 20 years ( )

6. What is your current position in the Company?

……………………………………….

7. Indicate the Department/Section of the company you are currently working

………………………………………………………………..……….

Section B; Change management strategies.

Please mark the appropriate box that indicates to what extent do you apply the following change management strategies, in implementing ERP systems at your organization where: 1=not at all, 2=little extent, 3=moderate extent, 4=greater extent, 5=very great extent.

Strategies	**1**	**2**	**3**	**4**	**5**
Creating Change Goals and vision					
Establishing the change process time Frame					
Learning change management Culture					
Creating Visible Short-term Wins					
Communication of expected Change					
Creating a conducive change environment					
Positive reinforcement and motivation of the employees					
Establishing a sense of urgency to change					
Dismantling old things that support the previous behavior					
Creation of change vision					
Communicating the change vision					
Empowering others to act on the vision					
Consolidating each change improvement to the vision					
Producing more change					
Institutionalizing new approaches					

Please specify any other strategies

Thank you for your time and participation in this study.

APPENDIX 2: LIST OF FMCG's

1. Alpine Coolers ltd
2. Aquamist Ltd
3. Belfast Millers Ltd
4. Bidco oil Refineries
5. Bio food Product Ltd
6. Bobmil Industries
7. Breakfast Cereal Company
8. British American Tobacco
9. Broadway Bakeries
10. Brookside Dairy
11. Cadbury Kenya Ltd
12. Coca Cola EA ltd
13. Colgate Palmolive
14. Crown Food ltd
15. Del Monte Kenya Ltd
16. East African Breweries ltd
17. Edible Oil products
18. Eveready EA ltd
19. Farmers choice ltd
20. Glaxo Smith Kline Kenya Ltd
21. Haco Industries Kenya ltd
22. Kenya Nut Company ltd
23. Kenya sweets ltd
24. Kenya Wine Agencies Ltd
25. Koba Waters Ltd
26. Manji foods Industries
27. Mastermind tobacco Kenya ltd
28. Nairobi Flour Miller
29. Nation Media Group
30. Nestle Kenya Ltd
31. Palmhouse Dairies ltd
32. Protex Kenya(EPZ) ltd
33. Proctor and Allan EA Ltd
34. PZ cussons & company Kenya ltd.
35. Softa Bottling Kenya ltd
36. Super Bakery Kenya ltd
37. Super Brite Kenya ltd
38. Unga group ltd
39. Unilever Kenya Ltd
40. Wrigley Kenya ltd.

(Source Kenya Manufacturers and Exporters Directory, 2011)