

**STRATEGIC CHANGE MANAGEMENT AT FRIGOKEN KENYA  
LIMITED**

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## DECLARATION

This research is my original work and has not been presented for award of any degree any University.

Signature   
D61/71139/2008

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This research has been submitted for examination with my approval as University of Nairobi supervisor.

Signature \_

Date:  / 7 / 11 f z o / O

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**Supervisor**

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## **DEDICATION**

To my dear mum (Nyaramba) and late dad (J.P), thank you for the sacrifice, guidance and support you have given me throughout my life and the humility you engrained in the family. To my dear wife Linet, thank you for your love and support. To my sister Ruth, thank you for the discipline you instilled in me at an early age. I hope this makes you proud because you always instilled in me the value of hard work and academic excellence.

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## **ABSTRACT**

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1995). The change process in any organization normally happens due to the awareness of the need for change. Nauheimer (2005) described change management as the process, tools and techniques to manage the people-side of change processes, to achieve the required outcomes and to realize change effectively within the individual. This study was guided by transformation process model by Kotter and Lewin's three-step change model.

The purpose of this study was to establish the strategic change management practices and challenges faced by Frigoken Kenya Ltd. The study adopted a case study design so as to give in depth information on change management practices at Frigoken Kenya. Both primary and secondary data were used as data sources in the study. Primary data was collected through in depth interviews, and was administered to both senior managers and middle level managers of Frigoken Kenya limited. The key data collection instrument was the interview guide that consisted of both open and closed ended questions. Qualitative data analysis approach was used in data analysis. Specifically content analysis and pattern analysis were some qualitative analysis techniques used in this study. Secondary data from Frigoken documents (strategic plan, mission, and vision statement) was also used.

Study revealed existence of change management team which was constituted by managers across the functional departments and management levels. Results also showed that organization had embraced well structured committees for overseeing various aspects of change process. Respondents also noted that feedback on the progress of change was top priority for the management. Findings indicated that various change management practices were used within the organization. These include policy, procedures and standards in change management which are integrated with business management functions. Roles and targets are defined and designated to qualified personnel. Performance indicators are measured on daily and weekly basis and necessary measures taken correct deviation. Finally change process was clearly communicated among the employees in their organization Resistance to change process was reported to be minimal. Factors attributed to this resistance included fear of losing job among the employees, strict time frames for change process performance, changes to their working status as a result of stressful work conditions induced by change. Challenges identified in the study include change of culture, limitation of financial resources, natural catastrophes like droughts and floods as the organization largely relies on suppliers who solely depend on rain fed agriculture

The study recommended that management at Frigoken Kenya Limited should consider entrenching quality assurance procedures in the change management process so as to ensure effective applications of implemented changes within the organization. The management should not only rely on performance indices but should consider other performance management tools so as to ensure balanced

evaluation of change in the organization.

The study was faced with limitations such as failure of some respondents to turn up for interviews due to tight and busy schedules. Respondents' differences in understanding and experiences on change management practices also posed a challenge to the study.

The study suggests similar study should be carried to assess change management practices at partner organization Allgreen Kenya Ltd so as to compare change practices in both subsidiaries. The study suggests that further study should also be done on success factors that contribute to change management in an organization.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Change is any planned or unplanned transition from one scenario to another. Strategic change is long term in nature, effects the entire organization and aims at achieving effectiveness. Operational change on the other hand is short term in nature, effects sections of the organization and focus on efficiency. De Wit and Meyer (1999) linked strategic change in an organization to uncertainty. Kenny (2001) identified the degree of uncertainty and the scope of strategic projects as key elements of the impact they have on an organization. Rogers (1995) claimed that innovation brings with it uncertainty. Projects resulting from the implementation of a radical strategic direction in an organization may well involve change and innovation, but certainly will involve high levels of uncertainty.

Nauheimer (2005) described change management as the process, tools and techniques to manage the people-side of change processes, to achieve the required outcomes and to realize the change effectively within the individual, change agent, the inner team, and the wider system. There are a multitude of concepts on change management and it is very difficult to distil a common denominator from all the sources that are applying the phrase to their mental maps of organizational development. But obviously there is a tight connection with the concept of learning organizations. Only if organizations and individuals within organizations learn, will they be able to master a positive change.

According to Porter (1980), strategy is the creation of a unique and valuable position involving a different set of activities. For successful implementation of strategy, managers should forge a fit between the strategy and environment and ensure coherence in the internal organization variables as well as maintain consistency with strategy. Therefore, organizations must change to survive. One of the most important issues in organization's change programmes is how well organisation adjust to changing environmental demands and how to manage them successfully as part of the change process.

### **1.1.1 Change Management**

The change process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement.

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1995). One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006). According to Ansoff and

McDonnell (2000) while leading the change, new opportunities and problems could occur and move them away from the initial idea. They therefore defined a dominant model based on three major stages: creating awareness and commitment; solidifying progress and integrating processes and interests

The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe. For this reason therefore management must prepare and anticipate the likely reactions of employees and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, organization society, national or international level, (Mullins, 1995) Change such as new structures, policies, targets, acquisitions, disposals, relocations, etc., all create new systems and environments, which need to be explained to people as early as possible, so that people's involvement in validating and refining the changes themselves can be obtained.

### **1.1.2 The Horticultural Industry in Kenya**

Agriculture accounts for about 24% of Kenya's GDP with an estimated 75% of the population depending on the sector either directly or indirectly. Much of the intermittent strength and overall weakness in GDP and income growth in Kenya can be attributed to changes in agricultural performance. The horticulture sub-sector of agriculture has grown in the last decade to become a major foreign exchange earner, employer and contributor to food needs in the country. Currently the horticulture industry is the fastest growing

agricultural sub sector and is ranked third in terms of foreign exchange earnings from exports after tourism and tea. Fruits, vegetable and cut flower production are the main aspects of horticultural production in Kenya. Kenya has a long history of growing horticultural crops for both domestic and export markets. Europe is the main market for Kenyan fresh horticultural produce with the main importing countries being United Kingdom, Germany, France, Switzerland, Belgium, Holland and Italy.

The industry has had remarkable growth, with exports climbing steadily from 200.6 thousand tonnes in 1999 to 346.1 thousand tonnes in 2003. The sub-sector earned Kenya KShs 36.5 billion in 2003 with cut flowers dominating horticulture exports, followed by a variety of fruits and vegetables. Kenya exported KShs 18.2 billion worth of vegetables in 2003. The increase in exports was mainly attributed to good weather, improved crop husbandry and conducive horticulture export environment, as well as increased markets for fruits and flowers in Europe. According to national task force report on horticulture (2008), the value of export horticulture in 2007 was KSh 57 billion, with flowers, fresh fruit and fresh vegetables valued at KSh 29.7 billion, Ksh 10.8 billion, and Ksh 17.3billion respectively

The industry has profitably marketed a wide range of horticultural products to diverse international markets. Government intervention in this area has been minimal, mainly facilitating the sectoral growth through infrastructure development, incentives and support services. Structural and macroeconomic reforms, plus the introduction of more liberal trading environment has also provided a major boost to the country's horticultural prospects. Kenya's horticultural export expansion has also been aided by the country's

preferential duty-free access to EU markets under the Lome Agreement (export processing zone, 2005). Recent global financial crisis, climate change and international trade agreements are some of the challenges that threaten this lucrative industry. Any player in the industry is faced with renewed challenges in management of the horticultural industry environment. While the industry has many players, of interest to the study will be Frigoken Kenya Ltd.

### **1.1.3 Frigoken Kenya Limited**

Established in 1989 as a provider of premium quality products, Frigoken Ltd is a member of the Industrial Promotion Services (IPS) group of companies, which is in turn a member of the Aga Khan Fund for Economic Development (AKFED). AKFED is an international development agency that promotes private sector entrepreneurship in the developing world, especially in sub-Saharan Africa and South-east Asia. Currently Kenya's largest producer of processed vegetables. The company directly employs over 3000 employees at its processing plant in Nairobi. Frigoken's customers include a broad range of leading European companies, supermarket chains, as well as one of the largest vegetable processors in Europe.

Since its inception twenty one years ago Frigoken had been run as a single business entity under one general management. Three years ago the company was divided into two strategic business units, the processing division ( Frigoken Kenya Ltd ) and the agricultural division ( Allgreen Kenya Ltd ) . The aim of the division was to make the two companies more competitive and broaden the scope of the Allgreen Kenya Ltd so that they could supply other companies besides Frigoken, with high quality vegetables.

The two strategic business units are managed as separate business entities with each of the two companies headed by a General Manager.

Several changes in Frigokens operating environment has necessitated realignment of its strategic direction. Increased competition both locally and internationally, government legislation on labour laws as well the split of the parent company into two strategic business units are the major changes in Frigokens operating environment. Frigoken has undertaken changes in its structure, policies and strategic direction.

For a long time the company has relied on casual labour as the major component of its workforce. Sixty percent of the labour force was mainly casual labour. This was mainly due to seasonality of the raw material used in processing and this gave the management the flexibility on labour management. The new legislation on labour has made the company to enter into long term contract with the workers who were previously casual employees.

The split of the company into two strategic business units requires Allgreen Kenya Ltd to supply raw material to the processing division at competitive prices and openly compete with other suppliers. Unlike before when the farming division was treated preferentially, strict quality measures were to be applied to all supplies from Allgreen Kenya Ltd. In order to improve performance of the processing division, the factory has been put on performance targets. Each departmental performance is monitored against key performance indices that are reviewed periodically. Improvement groups both at the



management and shop floor workers have been formed in order to improve performance.

## **1.2 Research Problem**

The general aim of organizational change is an adaptation to the environment (Leana and Barry, 2000) or an improvement in performance (Boeker, 1997; Keck and Tushman, 1993). Change management is a systematic approach to dealing with change both from the perspective of an organization and on the individual level. It means defining and implementing procedures to deal with changes in the business environment and to profit from changing opportunities. Successful adaptation to change is crucial within an organization. Frigoken Kenya Ltd processes on average 21,600 metric tons of vegetables annually. It is a leading player in the horticulture industry. However, emerging new trends which include globalization, international standard demands and other factors in the industry threatens its vitality in the industry.

Considerable studies on strategic change management in Kenya have been done. Study done by Bett (1995) on change management in dairy sector found out that due to economic reforms in the country, firms in the dairy industry made substantial changes in their management in order to survive in the turbulent environment. A study on strategic responses in Telkom Kenya by Kandie (2001) concludes that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment. Recent studies by Onkendi (2008), Patrick (2008) on change management in Kenyan commercial banks in Kenya and national Water Conservation and Pipeline Corporation respectively,

identified different change management practices adopted by these firms .

As mentioned earlier, Frigoken has undergone major strategic change. The division of Frigoken into two strategic business units was a fundamental shift in its strategic business direction which resulted into changes in structure and policies within the organisation. The new legislation 011 labour laws and the performance management has posed a challenge and to the company management. Change management has been a challenge to the company. This study aims to address the following question in relation to Frigoken Kenya Ltd. How has Frigoken managed the change process?

### **1.3 Research Objectives**

This study had two research objectives:

- i. To establish the strategic change management practices adopted by Frigoken Kenya Ltd.
- ii. To determine challenges faced by Frigoken Kenya Ltd in management of change.

### **1.4 Importance of the Study**

The findings of the study will benefit scholars by providing more empirical information on change management practice in Kenyan firms. The study will further provide food for thought and challenge to conduct further research in the subject of change management of in the horticultural processing companies in Kenya.

The study will contribute to further development of policy issues governing horticultural practice. The study will inform the policy makers on the intervention measures necessary in change management.

Directors and managers at Frigoken Kenya limited will benefit from the study. The study will assist them in understanding the criticality of the extent of effect of change factors on the performance of the organization. It will also help employees of Frigoken Limited in understanding their contribution and the need of their participation in the overall change management in their organization.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Concept of Strategy

According to Porter (1980), strategy is the creation of a unique and valuable position involving a different set of activities. Strategy is concerned with the means to meet changing ends, that is, it is concerned with achieving objectives. A strategy is also a set of rules for guiding decisions about organizational behavior. Strategies may be explicit or implicit, kept within the senior management team or pervading the organization to produce a sense of common direction (Newcomb *et al.* 2006). Strategy as a position looks outside an organization, seeking to locate the organization in its environment, whereas strategy as a perspective looks inside the organization and inside its members' heads, referring to a shared way of perceiving the world (Chandler, 1962) Strategy guides firms to superior performance through establishing competitive advantage. In this process, companies consider alternative courses of action and choose a set of strategies for their business units. Firms employ strategy in a dynamic environment in order to adapt to new realities such as increased competition. According to Mintzberg, (1994) whatever an organization conceives as its basis for attaining sustainable advantage becomes the essence of the organization's strategy.

According to Ansoff (1965) organizations have, somehow, to be more adaptive and in his view strategy is more than the sum of new ideas that point to future actions and

investments for market development. It includes also the cumulative effects of past actions and investments in capabilities, resources, position, acquisitions, and so forth, at least to the extent that such contribute to competitive advantage. By melding together past with future decisions and investments, strategies become eminently integrative. Merely gaining an advantage is often insufficient in this world of rapid change (D' Aveni 1994). Competitors will not likely sit on the sidelines while their rivals maneuver to gain advantage. Rather, they will actively search for ways to imitate or directly counter the advantage.

## **2.2 Strategic Management**

Strategic management is a systematic approach to major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will ensure its continued success and make it secure from surprises. The basic task of strategic management is thinking through the overall mission. That is thinking about the firm's long-term direction, strong identity, deciding 'who' we are, 'what' we do and 'where' we are headed.

Formal strategic management seems to have its beginning in the 1950's in the United States of America, through writers such as Drucker (1954), Chandler (1962) and Ansoff (1965). Ansoff's first rule of the strategic success was that the aggressiveness of the firm's strategic behavior must match the turbulence of its environment. Studies conducted in the late 1960's and early 1970 have indicated that corporate planning was practiced in the United States and abroad. Chandler (1962) recognized the importance of

**coordinating** the various aspects of management under one all-encompassing strategy. Chandler further stressed the importance of taking a long term perspective when looking to the future. He showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. Managers increased their familiarity with strategic planning and increasingly adopted it in their organizations. Relatively stable external environments characterized this period.

Porter (1980) summarized the value of strategic management in three ways. Firstly, an organization's strategy provides the central purpose and direction (vision, mission and objective) to the activities of the organization, to the people who work in it, and often to the world outside. The company is able to perform current activities whilst at the same time viewing them in terms of their long-term implications. Secondly, strategic management enables organizations to adapt under conditions of externally imposed threats or crisis because of the changing environment. The third value is that strategic management helps companies develop sustainable competitive advantage. Fourthly, that strategic management is important for the management of the organizations boundaries interface. This sustains the legitimacy of the organization and enhances the quality of its relationship with the outside environment. Lastly, strategic management helps organizations to be more focused in their efforts and effective in resource allocation and key success factors. It helps to cultivate a culture of forward thinking and therefore creating a culture of learning organizations.

## 2.3 Change Management

The general aim of organizational change is an adaptation to the environment (Leana and Barry, 2000) or an improvement in performance (Boeker, 1997; Keck and Tushman, 1993). According to Brown and Eisenhardt (1997) increasing environmental instability and uncertainty are forcing companies to change continuously. However, change itself is a risky, and often haphazard and improvised process reaching unsatisfactory results in many companies, sometimes even leaving them worse off than before. Farias and Johnson (2000), state that only about 50 percent of all large-scale change interventions are successful. These facts have given management scholars and practitioners alike pause to solve the puzzle of how companies can ensure successful change without much distracting and distorting the intended change. One answer, proposed by several authors, in response to this puzzle revolves around what managers can do to ensure success in a change process (Senge 1990). Several authors argue that the decisions managers make are critical to ensuring that their companies stay apace and aligned with changing demands (Child, 1972).

In a stable environment, the process of strategic management would appear to be fairly simple and manager's job relatively easy. Planning would be simplified, because tomorrow's operations would be no different from today's operations. The issues of effective organization design would also be solved since the environment would be free from uncertainty and there would be no need to adapt new changes, which sometimes are expensive and tedious to carry out. In this context management decisions tends to

emphasize the implementation process in line with the intended change. Decisions prior to the rollout of a change program, especially those related to clarifying the change itself, have received surprisingly little attention (Lengnick-Hall ,1988). Nevertheless, strategic change is not merely a matter of defining steps, procedures or systems that will ensure its successful implementation process. But change management also embodies taking a firm grasp on seminal change ideas, purpose and intended output in the whole change program, which must then be thought through and clarified before the enactment of the change.

There is a difference between leading change and managing change. If leading change revolves around conceiving a clear goal as well as logic for how to achieve it, managing change deals with the actual realization of that logic in a controllable process (Kotter, 1996). In essence organizations must clarify in a straightforward and in systematic way what change would be right for their company even before they approach the subject of implementation. When change programs or projects are in their initial steps queries emerge. This usually happens as nobody wants to be associated with failure and consequential outcome.

## **2.4 Forces of Change**

Companies no longer have a choice, they must change to survive. Unfortunately, people tend to resist change. It is not easy to change an organization, let alone an individual. This puts increased pressure on management to learn the subtleties of change (Comstock, 2006). Organizations encounter many different forces for change. These forces come



from external sources outside the organization and from internal sources.

Comstock (2006) points out that external force for change originate outside the organization. Because these forces have global effects, they may cause an organization to question the essence of what business it is in and the process by which products and services are produced. There are four key external forces for change: Demographic characteristics - the workforce is more diverse and there is a business imperative to effectively manage diversity. Organizations need to effectively manage diversity if they are to receive maximum contribution and commitment from employees. Technological advancement; both manufacturing and service organizations are increasingly using technology as a means to improve productivity and market competitiveness. Market changes; the emergence of a global economy is forcing companies to change the way they do business. Companies are having to forge new partnerships with their suppliers in order to deliver higher quality products at lower prices. Social and Political pressures; these forces are created by social and political events. Managers thus may need to adjust their managerial style or approach to fit changing employee values. Political events can create substantial change. Although it is difficult for organizations to predict changes in political forces, organizations should be able to detect and respond to social and political changes (Comstock, 2006).

Internal forces for change come from inside the organization (Comstock, 2006). These forces may be subtle, such as low morale, or can manifest in outward signs, such as low productivity and conflict. Internal forces for change come from human resource problems

and managerial behavior/ decisions. Human resource problems/ prospects stem from employee perceptions about how they are treated at work and the match between individual and organization needs and desires. Managerial behaviour/decisions results into excessive interpersonal conflict between managers and their subordinates and is a sign that change is needed.

Kanter (1984) talks of the phenomenal change in the environment as originating from such sources as; the labour force, patterns of world trade, technological changes and political realignment. The forces mirror those advanced by Kotter (1995) with the only difference being that Kanter adds the peoples dimension (labour). This may be for good reason given that she appears focused on the response to the changes. Her solution lies in the people to make decisions in response to the changes.

Kazmi (2002) sums up the business environment as being complex, dynamic, multi-faceted with far reaching impact. Kazmi adds that the traditional approach to strategic management has had its emphasis on control, order and predictability. But, the environment is proving to be more unpredictable, uncertain and non-linear. The environment can be summarized as characterized with ever recurring changes and herein lies the challenge for business managers. Burnes (2004) says the magnitude, speed, unpredictability and impact of change has become greater than ever before. New products and processes are appearing in the market at an increasing rate. Boundaries are shrinking as globalization takes centre stage. The source of the next competition may not even be within imagination. Protected markets are opening up while public bureaucracies and

monopolies are changing hands to private sector or having the competitive market culture transferred to them.

## **2.5 Styles in Managing Change**

There are five styles in managing change that have been identified. The first style is coercion and it involves imposition of change or the issuing of edicts about change. It is the explicit use of power and may be necessary if the organization is facing a crisis. This style may be useful in crisis situations or rapid transformational change. Other strategies include use of power to bring about change. The style can be used in situations where the implementers possess some form of power. According to Bowman and Asch (1987), power strategies are used in situations where the change must be implemented quickly and a few resources are available for programmes of education or negotiation.

The second style is education and communication and is used where management needs to explain the reasons for and means of strategic change to win the support of everyone in the organization. Bowman and Asch (1987) point out that a change strategy of education and communication is based on the assumption that if people are given the rationale for change, they will see the need for it and therefore accept it. This may be useful when resistance, based on inadequate or inaccurate information, is anticipated.

Collaboration or participation is a style that is used to increase ownership of a decision and change process as well as commitment. It is crucial to involve those who will be affected by the change to participate in identifying strategic issues, setting the strategic

agenda, the strategic decision-making process or planning of the strategic change. This leads to better quality of decisions than would have otherwise been achieved. The fourth style of managing change is intervention in which the change agent retains control of the change process but delegates certain tasks to teams or groups. These teams become involved in the change process and see their work building towards the change process. This is beneficial in that it not only involves members of the organization in idea generation but also in the implementation of solutions.

Change could also be managed through direction. This involves the use of personal managerial authority to establish a clear future strategy on how change will occur. Direction is usually a top-down management of strategic change and may be associated with clear vision or strategic intent developed by someone recognized as the leader in the organization.

## **2.6 Models of Strategic Change Management**

Organizations that handle change well thrive, whilst those that do not may struggle to survive. Like many other concepts in the field of management, there are many approaches to strategy but none is universally acceptable (Stacey 2003). Furthermore, in order to cope with the wide variety of types of change, there is need for a corresponding variety of approaches to strategy development and change management. It follows that a key role for organizations and their managers is to understand the approaches on offer, identify their own circumstances and needs, and choose the approach that is most appropriate for their circumstances.

Effective change requires 'buy-in' of the individuals in an organization. Rogers (1995) identified a five-stage process individuals go through as they adopt a change. The process includes gaining knowledge, persuasion, making a decision, implementation and confirmation. This process allows individuals to 'reduce uncertainty about the change. He also pointed out that if the decision to adopt a change was made by the organization, rather than the individual, the adoption process was more complicated. He maintained that the process of implementation should aim for "dynamic equilibrium". This refers to change at a rate that allows the system to adjust also. Implementation of strategic change in an organization is therefore a fluid process that has to take account of the uncertainties due to change.

Pettigrew and Whipp (1993) suggested that organizational strategy be examined by dividing strategic aspects into categories of context, content and process. It provides a conceptual guide for implementing strategic change, which should be regarded as a continuous process occurring in given contexts. This aligns with De Wit and Meyers's (1999) rational systems thinking. The model is multi-directional and represents three central aspects of strategy implementation. The implication of the model presents that strategy change does not move forward in the linear direction, nor through easily identifiable sequential phases, it incorporates a multi-directional approach

Context is a type of situation of an organization in terms of configuration. Although there are various kinds of organizations, they share a number of basic common characteristics.

The context of organizations can be divided into two categories: internal context and external context. Internal context includes the organization's structure, culture, distribution of power, skills base, internal resources and so on. External context includes wider elements of an organization's environment such as the economic, legal, environmental and social context within which the organization operates. If the external context is changing, then the internal context needs to respond concurrently. Chakravarthy (1987) suggests that the lack of fit between a strategic plan and its contexts could result in strategic plans tending not to be subjected to corrective action.

Harper and Orville (1990) point out that an organization's strategy should be compatible with the internal structure of the business and its policies, procedures, and resources. The corporate strategies must be compatible with its internal structure otherwise implementation and performance are constrained. Therefore, the strategy implementation must be carefully monitored to ensure that the project is completed according to specifications, on schedule and within budget. In addition, Viljoen (1994) identifies an extra context of strategic management, which is ethical context. He claims that the success of an organization is measured in terms of its contribution to society. In fact an organization has ethical responsibilities towards its multiple stakeholders, such as employees, shareholders, financiers, customers, distributors, suppliers, competitors, government, local communities and society in general.

Management of strategic changes has been regarded as a core process in strategy implementation, which is about the "how" aspect of translating strategy into action.

Millett (1998) differentiated the perspectives on strategic change in three ways; the logic of strategy implementation, the life cycles of organizations, and the core competencies involved in strategic change. Johnson and Scholes (1997) view strategic change management as a set of logical processes. This prescriptive approach involves resource planning, organizational structure and design, and managing strategic change. The logic of implementation is designing structures with resources required which are appropriate to carry through the strategy and using them as mechanisms of managing strategic change.

In his transformation process model Kotter (1995) says that the change process takes time and goes through several different phases in a successful change effort and that a mistake made during any phase of the change effort can have a negative impact on the organization. Kotter outlines an eight step process with suggestions to help organizations transform. The steps include establishing sense of urgency, building the guiding team, develop a vision and strategy, communicating for buy-in, empowering action, creating short term wins, consolidate gain and have more change, make change stick.

Lewin (1951) introduced the three-step change model. According to Lewin, the first step in the process of changing behavior is to unfreeze the existing situation or status quo. The status quo is considered the equilibrium state. Unfreezing stage is vital in overcoming the strains of individual resistance and group conformity. Unfreezing can be achieved by the use of three methods. First, increase the driving forces that direct behavior away from the existing situation or status quo. Second, decrease the restraining forces that negatively

affect the movement from the existing equilibrium. Third, find a combination of the two methods from the above stages. Some activities that can assist in the unfreezing step include motivation in preparation for change, building trust and recognition for the need to change, and actively participate in recognizing problems and brainstorming solutions within a group (Robbins, 2003).

Lewin's second step in the process of changing behavior is movement. This step is necessary as it moves the target system to a new level of equilibrium. This stage is enhanced by persuading employees to agree that the status quo even if it is not beneficial to them and encouraging them to view the problem from a fresh perspective, work together on a quest for new, relevant information, and connect the views of the group to well-respected, powerful leaders that also support the change.

The third step of Lewin's three-step change model is refreezing. This step takes place immediately after change has been implemented so as to ensure sustainability of change overtime. This step in Lewin's model is necessary because it is highly likely that the change will be short lived and the employees will revert to their old equilibrium (behaviors) if this step is not taken. It is the actual integration of the new values into the community values and traditions. Lewin notes that refreezing step is important so as to stabilize the new equilibrium resulting from the change by balancing both the driving and restraining forces. The step involves reinforcing new patterns and institutionalize them through formal and informal mechanisms including policies and procedures, establish feedback



systems, ensure leadership support and provide support and training in anchoring and adapting to new change (Robbins, 2003).

## **2.7 Resistance to change**

If resistance to change is poorly managed, it can undermine even the most well-intentioned and well-conceived change efforts (Bolognese 2002). Resistance to the implementation of change may be based on fear of losing jobs, negative experiences of previous problematic change projects; changes to their internal status or because of the stressful work conditions that change induces (Hansson 2001). Employee commitment to change programmes is crucial given that they actually execute implementation activities (Hansson, 2001). Ansoff (1990) notes further that resistance to change is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change. Low employee commitment could therefore obstruct acceptance of change and implementation process (Saad and Siha 2000). A range of intangible and therefore difficult to measure factors such as understanding, ownership and involvement, are also important in obtaining commitment (Ghobadian, Gallear 2001).

Johnson and Scholes (1997) notes that resistance can be minimized through, timing the change, identifying where job losses and de-layering should take place and implementing visible short term wins. Without proper leadership, employees will remain skeptical of the vision for change and distrustful of management and management will likewise be frustrated and stymied by employees' resistance to change. Building organizational

capacity to the desired level can reduce systemic resistance and increase employee productivity.

Various authors stress that the reasons for the failure of many change initiatives can be found in resistance of change. Resistance to change introduces costs and delays into the change process (Ansoff, 1990) that are difficult to anticipate (Lorenzo, 2000) but must be taken into consideration. Resistance has also been considered as a source of information, being useful in learning how to develop a more successful change process. Knowing or envisaging change does not in itself mean that people will make it happen. There will be tendency towards inertia and resistance to change; people will tend to hold on to existing ways of doing things. Managing strategic change must therefore address the powerful influence of the paradigm and the cultural web on the strategy being followed by the organisation. Thus the importance of not only translating strategic change into detailed resource plans, critical success factors and key tasks, and the way the organization is managed through control processes, but also how change is communicated through everyday aspects of the organization.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The study was a case study design. It sought to describe strategic change management at Frigoken Kenya Limited. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear (Churchill, 2007).

According to Kothari (2004) a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a research unit. Case study drills down, rather than cast wide. The case study provides the researcher with in depth information, which assists in meeting the objectives of the study. The study in depth established the strategic change management practices in Frigoken Kenya limited.

### **3.2 Sampling and Sample Size**

Sampling is the process of selecting a number of individuals for a study in such a way that the individual selected represents the large group from which they are selected (Mugenda & Mugenda, 2003). The study used non probability sampling method. Senior and middle level managers who had been involved in the change management process were selected and interviewed.

### **3.3 Data Collection**

The study used both primary and secondary data to determine strategic change management at Frigoken Kenya Limited. Primary data was collected through in depth interviews. It involved conducting intensive individual interviews with a small number of respondents to explore their perspectives on the study subject (Patton, 2002). The key data collection instrument was the interview guide that consisted of both open and closed ended questions.

Given that this was a case study, six selected respondents (both senior managers and middle level managers of Frigoken Kenya limited) who have been in the organization after organization restructuring were contacted and appointment for the interview was sought. The researcher then interviewed these respondents capturing the main themes of the study using interview guide. This made it easier to get adequate and accurate information necessary for the research.

### **3.3 Data Analysis**

Content analysis was the method of analysis adopted for qualitative data. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 1999). The collected data was thoroughly examined and checked for completeness.

Content analysis and pattern analysis guided by study themes was used in the analysis. Secondary data from Frigoken documents (strategic plan, mission, and vision statement),

books and journals was also used. Analyzed data was presented in prose to ensure that the gathered information is clearly understood.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the data analysis, research findings and interpretation of study data. Raw data was collected from the field through face to face interviews with the respondents. The researcher took notes during interviews. The study targeted senior managers at Frigoken Kenya, six managers from various departments were interviewed. Content analysis was used to analyze the study results as guided by the themes . The following are analyzed outcome of the study.

### **4.2. Respondents Background Information**

Respondents length of service in an organization is an important factor as it reflects on the amount of experience such respondents have within the organization. In this case the respondents had different level of experience with the organization. The study established that managers interviewed in this study had experience of between one and half years and eighteen years within the organization .

It was observed that all of them have been in charge of change management process in the organization and therefore were in a position to provide quality information for the study. In addition respondents were drawn from different departments in the organization. These departments included Quality Assurance, Production, Engineering, Human Resource and Finance departments.

## **4.3 Strategic Change Management Practice at Frigoken Kenya**

### **Limited**

This section of the study aimed at establishing the strategic change management practices undertaken by the study organization. Results are presented in the following subsections.

#### **4.3.1 Existence and Constitution of Change Management Process Team**

Respondents were asked whether there was change management team to oversee the implementation of change management process and if such team existed who constituted the team. From the interview it emerged all interviewees acknowledged the existence of change management team in the organization, they further acknowledged that a team was constituted by managers across the management levels and incorporated all the functional departments. This showed that the change management process was highly inclusive and that every manager was equally engaged in the change process. The organization also has a continuous improvement (kaizen) team that is involved in continuous improvement activities within the organization.

#### **4.3.2 Effects of Change in Management Operations**

Change has wide range of effects on management and ultimately organization performance. In this case the researcher aimed at establishing the effect of changes

in management operation. Results indicated that changes in the organization had positively contributed to organization operations in a number of ways. These include better communication due to smaller department units, increased departmental efficiencies and closer interdepartmental relations. Management relations had also improved as managers between departments work closely in the achievement of overall goals in the organization. Respondents further noted that changes in the organization had resulted in better performance for the organization.

The introduction of contract terms for casual has given the organization stability in its operation as it has ensured reliable supply of competent labour to the production department. This has in effect improved efficiency in the operation of the organization. The contract terms of employment has also offered employees security and satisfaction in the employment as they are assured of work for a longer period of time than when they were on casual terms of employment.

### **4.3.3 Measures for Improved Adoption of Change Management**

Organizations employ necessary measures so as to enhance the adoption of change. This part of the study sought to establish some of strategic measures adopted by Frigoken Ltd so as to enhance the adoption of change management. Results from interview discussion indicated that their organization had put in place structures for overseeing various aspects of change process.



Respondents also noted that feedback on the progress of change was top priority for the management. Also noted was the fact that the organization benchmarked its performance through key performance indices (KPIs) and as such the performance was regularly tracked and suggestions for addressing various performance gaps was ensured so as to fix the negative deviations as well as motivation of positive deviation for the realization of organization capacity in change process.

#### **4.3.4 Management Practices Supporting Change Management**

From the interviews respondents were asked to identify management practices in their organization that supported change management in their organization. It was observed that the management had adopted 'an open door policy' in its management for easier feedback and access to necessary information. They noticed that the top management supported and accommodated the opinion of respective managers.

Adoption of multidisciplinary career approach had created job expansion as managers were comfortable in executing their roles in any department within the organization. Organization management had embraced high communication standards at management hierarchy. Finally respondents noticed that change process was logically executed by the overseeing committee and every step in change management process is highly

monitored. This has contributed to adoption and ownership of change process by management and employees within the organization.

#### **4.3.5 Change Management Practices in the Organization.**

Respondents were asked to identify the management practices available to their organization. It was observed that respondents identified various change management practices within their organization. They noted that policy, procedures and standards in change management are integrated with business management functions and roles. Key performance indicators (KPIs) and targets are defined and designated to qualified personnel. These are continuously measured and necessary measures taken to correct any deviations. Respondents also noted that change process is clearly communicated among the employees in their organization.

Asked about the quality assurance and management, respondents noted that plans were under way to fully implement quality assurance in change management process. It can be concluded that Frigoken had adopted acceptable change management practices. Integration and communication of various change management practices can be attributed to this success in change management process.

#### **4.4 Challenges Faced by Organisation in Change Management**

According to Lewins second step (change behavior) in change management notes that this stage is enhanced by persuading employees to agree that the status quo is not

beneficial to them and encouraging them to view the problem from a fresh perspective, work together on a quest for new, relevant information, and connect the views of the group to well-respected, powerful leaders that also support the change. People factor in change management cannot be ignored. However exception happens in change management process and these translates to potential challenges to the organization change management process. Most of the respondents in the interviews acknowledged the existence of resistance to change process in the organization. The respondent further attributed a number of factors to this resistance. These include fear of losing job among the employees, strict time frames for change process performance, changes to their working status as a result of stressful work conditions induced by change.

Other challenges raised during respective interview discussions were; culture change, limitation of financial resources, natural catastrophes like droughts and floods as the organization largely relies on supplies from rain fed agriculture. Finally respondents indicated that some manager characteristics contributed to resistance to change in the organization. However respondents observed that manager characteristics were varied within the organization and therefore such diversity was an input to organization change management process.

#### **4.5 Suggestions to Mitigate the Challenges**

Authors have given suggestions on various ways of mitigating challenges encountered by organizations in change management process. Respondents were asked to give suggestion for improvements so as to mitigate challenges faced in change management process. The

respondents suggested that management should consider regular training on the best approaches in management of change, proper organization planning and management, employees reward and motivation among employees of the organization.

Training of key stakeholders is important because good change management needs key people within an organization to develop the skill and insight that will make a difference to the way things happen around them. Training equips the people with the knowledge, skills and competencies to manage the change process.

## **4.6 Discussion of Results**

This sections discusses the study result with refence to already existing literarture as well as the empirical data in two sub sections

### **4.6.1 Comparison with Literature**

Two models of change were evident in the Frigoken Kenya Limited change management practices. Kotters (1995) in his transformation model highlighted change management practices that advocates establishing the guiding team, developing a vision and strategy, consolidation of gains of change as well as making change stick. Such practices were confirmed in the study organization. Management had constituted a team guiding the change, developed effective communication strategy that facilitated 'buy-in' among employees within various departments in the organization. Respondents also recognised the benefits reaped from change within the organization.

From the study it was evident as demonstrated in Lewin's (1951) model that refreezing

important so as to stabilize the new equilibrium resulting from the change by balancing both the driving and restraining forces. The step involves reinforcing new patterns and institutionalizing them through formal and informal mechanisms such as policies and procedures, feedback systems and leadership support. The study found out that resistance to change was minimal. This could be interpreted by Lewin model highlighting on reinforcing of new patterns and leadership support and feedback systems put in place by the management in the management of people side of the organization.

#### **4.6.2 Comparison with Empirical Data**

The study also concurs with Bowman and Asch (1987) point on change strategy that education and communication is based on the assumption that if people are given the rationale for change, they will see the need for it and therefore accept it. In this study management from the departments regularly communicated with the employees and more specifically informing them of the change within the organization. This as suggested by Bowman and Asch facilitated the acceptance of change process by the employees. The sources of resistance to change noted in the study were due to fear of losing job among the employees, strict time frames for change process performance, changes to their working status as a result of stressful work conditions induced by change. The source of this challenge was similar to those identified by (Hanson,2001)

In his study on effectiveness of change management practices at Water Conservation and pipeline Corporation, Patrick (2008) noted that resistance to change by most of employees within the organisation was high and this contributed to lowered

effectiveness in change management practices within the organisation . However this was not the case with the present study. Low resistance levels to change did not have any significant effect on the change management practices within the organization.

The study observation on change management practices like constitution of management teams to foresee change process were similar to those of study undertaken by Okendi (2008) in commercial banks in Kenya . However both studies differed in that in the presents study change process communication was highly effective between departments and that change process was regularly tracked , through departmental performance indicators.

In his study on strategic responses by Telkom Kenya Limited Kandie (2001) noted that the organisation was faced with numerous challenges in employment and application of competitive strategic responses to the competitive environment . He noted that most challenges that faces organizations among others include lack of enough financial resources and management empowerment . Unlike Kandie's study mangement at Frigoken limited was highly consultative and therefore management was in full control of change management process . However, similar to Kandie's study financial resources posed a challenges to change management process. From both studies financial resources is factor that cannot be totally ignored as strategy implementation are relatively costly ventures for the organisation.

## **CHAPTER FIVE: SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents summary of findings of the study and conclusions emerging from various themes in the study. The chapter also presents the recommendations of the study. The following are some sections in this chapter.

### **5.2 Summary of Findings**

The study targeted senior managers at Frigoken Kenya, six managers from various departments were interviewed. The study established that managers interviewed in this study had experience of between one and half years and eighteen years within the organization. These managers were drawn from various departments within the organization. These departments include Quality Assurance, Production, Engineering, Human Resource and Finance departments.

#### **5.2.1 Strategic Change Management Practice at Frigoken Kenya**

##### **Limited**

Findings established the existence of change management team which was constituted by managers across the management levels. This showed that the change management process was highly inclusive and that every manager was equally engaged in change

process. Results further indicated that changes in the organization had positively contributed to organization operations in a number of ways. These included better communication due to smaller department units, increased departmental efficiencies and closer interdepartmental relations.

Results revealed that the organization had embraced well structured committees for overseeing various aspects of change process. Respondents also noted that feedback on the progress of change was top priority for the managements. Study also noted that the organization benchmarked its performance through key performance indices (KPIs) and as such the performance was regularly tracked and suggestions for addressing various performance gaps in change process were ensured so as to fix the negative deviations as well as motivation of positive deviation for the realization of organization capacity in change process.

It was observed that respondents identified various change management practices within their organization. These include policies, procedures and standards in change management which are integrated with business management functions and roles. Key performance indicators (KPIs) and targets are defined and designated to qualified personnel. These are continuously measured and necessary measures taken to correct any deviations. Respondents also noted that change process is clearly communicated among the employees in their organization.

Asked on the quality management, respondents noted that plans were under way to



fully implement quality assurance in change management process. It can be concluded that Frigoken had adopted acceptable change management practices. Integration and communication of various change management practices can be attributed to this success in change management process.

### **5.2.2 Challenges Faced by Organisation in Change Management**

Existence of resistance to change management process in the organization was reported to be minimal. Respondents attributed a number of factors to this resistance and they included fear of losing job among the employees, strict time frames for change process performance and changes to their working status as a result of stressful work conditions induced by change. Other challenges raised during respective interview discussions were change of culture, limitation of financial resources and natural catastrophes like droughts and floods because the organization largely relies on suppliers who solely depend on rain fed agriculture.

The low resistance to change in the organization was attributed to the proactiveness of the change management team as well as the inclusivity of the change process. In cases where there were capacity challenges, training of personnel was instituted in order to equip them with the necessary skills to execute their duties. The open door policy adopted by the management also encouraged feedback from the whole team during the change process.

### **5.3 Conclusion**

The following conclusions were made based on the study findings and study objectives. The study sought to establish the strategic change management practices, as well as determining challenges faced by Frigoken Kenya Ltd in management of change. The study observed that the organization had embraced reliable change management practices in its change process. It was noted that change process was inclusive and was regularly monitored leading to better performance for the organization. However, quality management in the change management was not adequately captured and this could jeopardize the change process in future.

The study also concluded that numerous challenges faced the change management process. Such challenges were either organizational related or people related. External factors like unreliable weather patterns were reported to affect the change management process.

### **5.4 Recommendations**

The management at Frigoken Kenya Limited should consider entrenching quality assurance procedures in the change management process so as to ensure effective

applications of implemented changes within the organization. The management should not solely depend on performance management indices but should also use other performance management tools in change management process so as to ensure balanced implementation of change in the organization.

The organization should also consider realistic time framework for change process so as to avoid unnecessary tension in the change process. Likewise the management should adequately motivate the employees as well as explaining the outcome of change process so as to reduce resistance to change either by management or employees.

### **5.5 Limitation of the Study**

This study was faced by various limitations. Some respondents were not available for the interview appointment due to busy schedules at work and this ultimately affected the response rate. The study was also limited to respondents understanding and experiences on change management practices in the organisation. Time allocation for the study was not ample for the study as interviews took more than initially estimated due to the nature of the respondents.

### **5.6 Suggestion for Further Studies**

The study focus was on change management practice at Frigoken Kenya Limited. Similar study should be carried to assess change management practices at partner organization Allgreen Kenya Ltd so as to compare change practices in both subsidiaries. Management is sensitive to context and therefore strategic change

management at Allgreen Kenya Ltd after the strategic split should be done.

Further in depth study should be done on success factors that contribute to change management in organizations. The success factors would assist in the successful formulation and implementation of change management in organizations.

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# APPENDICES

## Appendix I: Interview Guide

### SECTION A: Personal Information

1. Name( optional)
2. How long have you served in this organization?
3. Which is your department in the organization?

### SECTION B: STRATEGIC CHANGE MANAGEMENT PRACTICE

4. Do your organization have change management process team/ change advisory board?
5. What were the effects of the changes in management of operation?
6. What are the measures in place to improve the adoption of change in management practices experienced at Frigoken?
7. Looking at your organization what are some of management practices that have supported change management? Explain
8. What do you think the management should do so as to fast track the change management in the organization?

9. Looking at your organization comment on the following statements in the light of change management practices by the management ?

	Comment
Change management policy, procedures, and standards are integrated with and communicated to business management functions.	
Roles and responsibilities affecting Change Management are defined, designated to qualified personnel, communicated to the organization.	
Key Performance Indicators (KPIs) are captured periodically about the entire change management process.	
Systems are monitored for integrity by an internal organizational unit	
Testing / Quality Assurance environments are used to assure the functionality and performance.	
The change management process follows a logical order and is controlled to ensure the logical evolution of effective Production environments.	
Quality Assurance is conducted to ensure reliability and performance of all components of the organization's infrastructure.	

Change management process is well communicated among the employees in the organization.

**SECTION C: Challenges faced by the organization in management.**

10. Has there been notable resistance to the changes in management? **Yes** [  ] **No** [  ]

If yes what are these factors contributing to this resistance? Explain

11. What other challenges were experienced in the application of change management practices in the company? Explain

12. Do you think that these challenges have solutions? **Yes** [  ] **No** [  ] If yes what are the possible solutions to the challenges mentioned above?

13. Do you think that managers' characteristics have posed a challenge in change management implementation at Frigoken Kenya? If yes what are some of these characteristics.