EFFECT OF STRATEGIC CHANGE MANAGEMENT ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY IN KENYA

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DECLARATION

This research project is my original work and has never being submitted for examination in any other university.

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D61/7537/2017

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

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DEDICATION

I dedicate this project to the Almighty Father, the source of my strength and inspiration throughout my life. Additionally, I dedicate this project to my caring family, that is, my father Dismas and my two mothers Dorothy and Margaret and my siblings Laureen, Maureen, George, Francis and Edward for always been there for me.

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ABSTRACT

Small and Medium Enterprises have recognized value of implementing effective strategies in order to succeed in the increasingly competitive market. These strategies need to be effectively managed through a well laid out and executed strategic change management to achieve success leading to increased performance by the SMEs. This research aimed at establishing effect of Strategic change management on performance of SMEs in the County of Nairobi. To reach this goal, the study employed the descriptive cross-sectional research by way of survey. This was administered through application of questionnaires which was used to get the required information from 200 respondents.The quantitative data gathered was analysed through usage of mean scores, frequency distribution, standard deviations as well as regression analysis. The outcome from the study noted a positive effect of strategic change management on performance of SMEs. The research revealed that there needs to be inclusion of all relevant stakeholders in the change management activities to ensure change is successfully implemented to attain increased performance. This study also noted that employees need to be motivated, trained and empowered in order for them to be completely dedicated to the change to make certain it is successful since they are the implementers of this change. The outcome also demonstrated that most SMEs use various control tools to track, monitor and ultimately measure the performance of the business as brought about by various strategies implemented in the ventures to ensure they are working towards the business goals set. The findings also revealed that most of the SMEs have started measuring theirbusinesses wholistically on financial and non-financial performance matrices. The outcome additionally indicated that performance of most SMEs had increased due to Strategic change management initiatives being implemented in these businesses. The outcome from the study also indicated that a large bulk of these SMEs are adapting different strategies as a method of gaining competitive advantages over others. The study conlcuded that the performance of SMEs in Nairobi was positively influenced by strategic change management. The study also concluded that change management initiatives being implemented should be continuously monitored to ensure their effectiveness. The study additionally concluded that SMEs need to adopt unique and superior change management strategies so as to obtain a competitive advantage over others hence increase performance through profitability and growth. The study makes recommendations that stakeholders need to be involved for them to be wholly committed to the change process, use of a documented strategic plan to ensure methods and procedures for developing and implementing strategies are clear and that monitoring and tracking of performance is well communicated and implemented in the entire business. Finally, this study provides suggestions for further research.

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ABBREVIATIONS AND ACRONYMS

SME	Small and Medium Enterprises
Std. Deviation	Standard Deviation
GDP	Gross Domestic Product
CBK	Central Bank of Kenya
USD	United States Dollar
USAID	United States Agency for International Development
SMAEs	Small and Medium Agribusiness Enterprises
NSSF	National Social Security Fund
MSME	Medium Sized Manufacturing Enterprises
KENHA	Kenya National Highways Authority

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management refers to choices and proceedings which occur because of the design and implementation of policy put in place to meet an organization or company's goals. Strategy is the course and span of an institution over a long period that enables it to attain a competitive gain in the dynamic environment by organizing its possessions and competences with the target of achieving the stakeholders needs (Johnson, Scholes and Whittington, 2008). Strategic change management may be referred to as continued procedure of reviewing the structure of the firm, its capabilities and the direction to satisfy the dynamic needs of customers. According to Hill and Jones (2013), change management is a crucial characteristic of management that seeks to make sure businesses effectively respond to environments that they are situated in.

According to Nyachoti (2013), change management isthe techniques, instruments, and mechanisms that assist the organisations to manage both human and technical aspectsof a change involvement. Organisations that adopt change are likely to succeed since the change allows them to improve on consumer demands. In cases where organisations change as a result of constant improvements, the change is often brought about by theenvironmental changes around the business which leads to action in order to gain closer realignment. There is difficulty in ensuring that organisations are always aligned with influences from the external environment since subtle changes in the environment can go undetected (Cummings and Worley, 2014). Managers in all organisations ought to frequently counter theever changing environment by converting weaknesses and threats into strengths and opportunities (Green, 2015).

This study is guided by two theories; Kotter's 8 step change theory and McKinsey 7-s framework. The first theory in this study is Kotter's 8 step change theory that proposes that each of the eight stages centres on a critical concept that is connected to the reaction of people to change and gives guidance on how to succeed when implementing a change initiative (Kotter, 1996). The second theory discussed is McKinsey 7-s Model by Peters and Waterman (1982) that proposes that there are seven key elements in an organization; strategy, systems, structure, staff, shared values, skills and style. This framework analyses the core business activities and seeks to perform those activities in an ideal manner as the organization goes through strategic change.

The boom of SME sector in the country has partly being credited to the soaring size of unemployment in Kenya. There are various definitions that have being put forth to describe what an SME is. For instance, according to the World Bank, an SME can be defined as a legal business that employs between 10 to 50 employees, has assets summing up to somewhere between 100,000 to 3 million USD with also yearly sales that add up to between 100,000 to 3 million USD. SMEs play a critical position in Kenya's economy through provision of employment thus reducing poverty and also distributes investment as per2013 Kenyan economic report.According to the 2018 Kenyan SME Finance survey, it captured a report on the National economic survey by Central Bank of Kenya (CBK) indicating that SMEs constituted 98% of all Kenyan businesses and also generated 30% of the jobs annually as well as contributed to 3% of the GDP. In Kenya, Pugh (2013) points out that it is not just a case of managing change. It is more a matter of organizing people to cope with anything that might come along. Hence all organizations need to manage change effectively in order to survive.

1.1.1 Strategic Change Management

Todd (1999) defined change management as the structured way for obtaining a continuous change in the behaviour of people in an organization. Internal and external environmental change in today's business world is making it increasingly necessary for organizations to continuously adapt to the environment. Burnes (2014) states that strategic change management presents itself in various forms and sizes and is therefore hard to create a correct image of the level of difficulties firms encounter in trying to successfully manage the change. The three types of change in organizations are the use of Total Quality Management, establishment of new technology and the implementation of the business process re-engineering. These three have been credited as revolutionary approaches to change management and mostly critical as a way of raising an organization's competitiveness as well as its performance.

Mital (2015) defined strategic change management as the structure for managing the impact of the new procedures, the structural changes in enterprises as well as changes in the culture of the organization. Muchuiri (2016) highlights that strategic change management practices can only be successful if they are built on an effective and efficient management system. A well calculated and executed strategic change management system that has taken care of planning, implementation and leadership championing the change will immensely help the firm to positively respond to the dynamic environment.

According to Conner (2014), people need to acquire new skills as well as knowledge for the change to be successful. Conner (2014) further states that if people do not undergo the transition process internally, then they will likely be unable to incorporate the new behaviours and point of views that are required. There are two dimensions of change, that is, people and business (Grey, 2005). For example, prior to strategic change taking place, there must be trust in management by the employees. In an instance where there is a 'trust gap' between the top management and employees, then there will be a high probability of failure.

The need to adopt strategic change management can be accredited to the fact that enterprises have realized that they do not have the luxury of not undertaking strategic change management, this is due to the fact that failure to do so would certainly lead to irrelevance, if not extinction (Kanter, Stein and Jick, 2016). Successful strategic change management process depends largely on a couple of things, for instance, context of the change,period change is needed, scope of change, the resources the organization has, the characteristics that are needed to be maintained, the diversity of staff groups in the firm, available resources, the preparedness of employees andpower that leaders have in inspiring change and playing crucial roles in strategic change management (Johnson and Scholes, 2014).

Changes in organizations can be intentional and organized by firm’s leaders or initiated by external factors from the environment. Payne (2014) found that organizations that are resistant to change might be unable to survive for long or even thrive in an unpredictable world, hence the importance of change management. Huong (2014) established that the preparation for change in institutions requires that individuals in charge look for and engage change agents including staff with diverse backgrounds and diverse expertise at various levels.

Kotter (1996) noted that systems and resources needed for change should be obtained prior to commencement of the change exercise to avoid delays or failure. According to Drucker (1954), the entire process of change management in an organization hastobring in all stakeholders from start to end to ensure ownership of the process. According to Ansoff (1999), organizations with correct structure, style of leadership and change management instruments, increases chances of successful change.

1.1.2 Organizational Performance

Organisations are observed as a group of sub-systems that are interconnected. These sub-systems are regarded as interdependent and Macredie, Sandom, and Paul (1998) argue that change cannot happen in isolation in only an individual sub-system without bearing in mind the impact that it has on the other sub-systems. These subsystems are in constant interaction with the environment hence 'open'. These main subsystems are: Goals and values subsystem, Managerial subsystem, Psychosocial subsystem and lastly the Technical subsystem.

The organisation performance is considered to be the evaluation of the entity's output in comparison to its goals or targets over a definite length of time. The institution's performance is often measured by the output it delivers in terms of finance, market performance, and shareholder return. It is very critical for organisations to always track their performance in order to understand how various changes in the organisation and changes in the environment are affecting its performance. Increased organizational performance can be attained through increased productivity, reduction of costs and wastages, improved systems, faster processes etc which lead to increased returns, customer satisfaction, faster delivery, good quality products just to mention a few. A business entity's performance should be calculated not only based on financial measures such as market share, return on investment and profitability, but also comprise of qualitative measures such as effectiveness, efficiency, superiority, satisfaction of customers among others (Waiganjo, Mukulu & Kahiri, 2012).

The performance of the organization may be tracked by using a balanced scorecard that measures the performance of the firm using parameters such as financial performance, customer, internal business process and lastly, the innovation and learning perspectives. The aim of balanced scorecard is ensuring the alignment of various business initiatives to its vision and strategy, improvement of communications both internally and externally while at the same time tracking the performance of the business against the strategic objectives

(Kaplan and Norton 1993). In a nutshell, it therefore caters for both qualitive and quantitative measures to help the organization manage the enterprise effectively.

Organization assessments are usually done to get a better understanding on what changes the businesses can implement so as to improve their overall performance. The balanced scorecard tool can bevery helpful to organisations in obtaining data that is useful to their performance, identifying critical components that help or hinder the achievement of desired outcome and position themselves appropriately over their rival firms to attain a competitive advantage. Organisational performance constitutes the definite outcome which is measured against the set targets. SMEs employ financial and non-financial measures to measure their performance against set targets such as increased sales, increased profits, growth in customer base and market share, customer satisfaction, customer referral rates, growth in number of employees, increased commodity turnover (Chong, 2008).

1.1.3 Small and Medium Enterprises in Nairobi County

Hisrich (2014) posited that SMEs are accredited as critical drivers of growth to the economy, employment, entrepreneurship and innovation as well as productivity. Fabayo (2014) states that people who are entrepreneurial and innovative in nature are risk takers and are ready to utilize opportunities thus leading to growth of the economy. The importance of change management on SMEs to economic development is widely recognized.

According to Mueni (2016) the bulk of Kenyan businesses fall within the Small and Medium Enterprises (SME) business segment. Mueni (2016) further expounds that SMEs employ over 75% of the personnel in Kenya and adds up to about 18.4% of the country’s GDP. From this, it can be established that SMEs provide employment in Kenya which alleviates poverty levels in the country. In addition to this, SMEs have also provided breeding ground for entrepreneurs, caused driving force for interrelated flow of trade, investment, technological innovations and development of cheaper quality products (USAID, 2017). These SMEs have quickly adapted to changing market demands and increased competitiveness of the market place. As a result, SMEs should develop a strategic management game plan to have a competitive advantage (Ngahu, 2015).

According to Orwa (2017) the fact that Kenya has a liberal trade policy also increases the competitiveness of enterprises and their readiness to expand exports. As a result of this, stronger competition and increasing pressure on prices that aggravate economic situation of

SMEs is fuelled. SMEs therefore need to execute change management strategies as a way of turning threats into successful opportunities. To be more particular, the role of strategic change management should be well emphasized so as to drive the organization into a competitive edge (David, 2016).

Kimani (2014) describes the informal sector as comprising of semi organized registered and unregistered businesses operated by people who are self-employed. These businesses have very little restrictions and are very flexible in responding to consumer wants. According to Kimani (2014) with the adoption of strategic change management, the informal sector will always continue growing thus providing income generating opportunities for those willing and able to take this advantage. Nyariki (2016) established that a bulk of SMEs have employed use of strategic change management initiatives such as strategic product pricing, technology adoption, cost control, market strategy, product reputation, customer service, product quality and product and service innovation to attain competitive advantages.

Migwi (2013) found that SMEs should develop important entrepreneurial skills, competencies, knowledge and behaviors which may give the firm a competitive advantage that will enable it survive the pressure. According to Nyororo (2016), there has been an increase in competition among SMEs because of the rapid changes in innovation. These innovations include technology adoption, cost control measures, customer service excellence, product quality and product and service innovation that helps organizations attain competitive advantages thus improving their performance. Mwirigi (2014) revealed that SMEs prefer informal structured processes when planning their strategies and that review of strategic change management is done regularly.

1.2 Research Problem

Change management is very critical and can be applied to situations such as growing organizations, downsizing, or even adding new technology. Managing change is a very important aspect as it helps in minimizing resistance from the employees by improving on their morale and attitudes, reduction of costs, improvement of organizational performance, or even increasing innovation levels in the organization all leading to increased performance at individual, team and organization level. According to Armstrong and Baron (2004), change management is primarily focused with the way changes are managed in businesses so as to achieve competitive advantage which leads to increased organizational performance.

According to both Horngren (2000) and Anantharaman (2003), businesses link the increase of performance with change management activities. According to Carbon (2013), change management activities can either lead to the SMEs success if well managed or failure if poorly managed.

Numerous studies have shown that change management being positively related to the organization's performance. Internationally, Muogbo (2013) did a research on the force ofstrategic change management on the organizational development and the advancement in manufacturing firms in Anambra state in Nigeria. The result was that strategic change management is an important tool for improving the performance standards of manufacturing organizations in Anambra State in Nigeria. However, this study only focused on manufacturing firms and not SMEs. Abesiga (2015) established that strategic management practices had a positive effect on the performance of Small and Medium Agribusiness Enterprises (SMAEs) in Western Uganda. However, this study was only concerned with SMEs in Agribusiness industry as opposed to all SMEs in general.

In Kenya, Kimani (2014) found that in order to be prepared for these changes, SMEs need to adopt the right strategies for them to succeed. Kimani (2014) established that through the appropriate strategies, SMEs will have relevant strategic change management approaches to make sure that the employees are well catered for when introducing new technologies and processes. However, the study centred on the influence of change on human aspect in the firm that is, the employees.

Nyororo (2006) observed that the efforts of change management were planned and had a clear line which positively impacted on NSSFs' performance. However, the study concentrated on NSSF and not SMEs. Gichunge (2006) established that most of the medium sized manufacturing enterprises (MSMEs) selected in his study accepted formal strategic change management. However, this study only focused on medium sized manufacturing enterprises and not other industries occupied by SMEs. Mwangi (2013) concluded that there existed an optimistic relation among all the strategic practices and performance from the study done in Nairobi on strategic management preparations and the performance of big pharmaceuticals. However, this study only focused on pharmaceutical industries and not SMEs. Kaurai (2016) did a study on the influence of strategic change management practices on performance of Kenya National Highways Authority and the results was that overall strategic change management practices were very influential on organizational performance. However this study was done on KENHA and not on the SME sector.

Although multiple researches to assess effects of change management practices are available, there has been less attention centred on the impact it has on SMEs performance. From this backdrop the researcher aimed to determine the effect of strategic change management on performance of SMEs in the County of Nairobi to address this issue. For this reason, the study set out to answer the following research question: What is the effect of strategic change management on performance of Small and Medium Enterprises in Nairobi County?

1.3 Research Objective

To establish the effect of strategic change management on performance of Small and Medium Enterprises (SMEs) in Nairobi County.

1.4 Value of the Study

This study will aid SME owners in understanding the effects of change management on their businesses' performance. Specifically, entrepreneurs will be provided with information that will be helpful in reviewing their existing strategic change management practices and policies, with a view to ensure that these effectively drive productivity. The study findings will provide a yard stick against measurement of success of their change management in SMEs.

This study will also enable policy makers in the SME sector to understand the key drivers of strategy change management, the implementation and impact it has on SMEs performance. On this account, the government, which is one of the policymakers, will be able to play a better role in supporting and strengthening the SME's sector by offering support services such as financing, technology, training etc. The government has a stake in SMEs since SMEs play a significant role in the growth and development of the Kenyan economy.

This study will also be useful to the scholars in strategic management who may want to carry out further researches in the area of strategic change management and performance among various organizations and industries in the country.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter gave a brief analysis of work that was done previously by other researchers concerning the effect of strategic change management on performance of SMEs. It also contains a review of strategic change management literature in addition to a detailed assessment of empirical studies and gaps from the research.

2.2 Theoretical Foundation

The theories explored in this study are commonly applied in explaining the strategic change management practices helping managers or change agents to effectively implement and manage change. The two theories discussed are; Kotter's 8-step Change Model (Kotter, 1996) and McKinsey 7-s Theory (Peters & Waterman, 1982).

2.2.1 Kotter's 8-step Change Model

This model is based on 8 steps that guides on change adaptation and organizational transformation for organizations to successfully undergo change. The theory suggests that each of the eight stages centres on a critical concept that is connected to the reaction of people to change (Kotter, 1996). The theory thus helps in guiding firms on how to succeed when implementing change. These 8 steps are; establishing a sense of urgency, forming powerful guiding coalitions, developing a vision and a strategy, communicating the vision, removing obstacles and empowering colleagues to act on the vision, creating short-term wins, consolidating gains and strengthening change by anchoring it to the corporate culture and institutionalizing the new approaches (Kotter, 1996). Kotter further stated that there were various actions under each step that should be implemented for success of the change. Kotter also states that only 30% of change initiatives succeed therefore implying that 70% of change initiatives do not succeed and this is credited to the fact that some institutions fail to lay down the required preparation or fail to follow through to ensure the project is running on smoothly.

The first three steps in the theory entails developing an atmosphere that promotes change, then the following three steps involves empowering the firms in readiness for the change while the remaining two steps pertain to implementing and sustaining the change in the enterprise. The theory implys that for change to be fruitful, there needs to be involvement and commitment from all stakeholders, engagement with stakeholders, there needs to be a clear vision that is clearly communicated to all, there needs to be openness, a good plan that is executed well in addition for the need for a strong leadership to lead the change process. This theory therefore helps in improving an enterprises' ability to change therefore increasing the firms chances of successfully changing thus leading to improved productivity.

2.2.2 McKinsey 7-s Theory

This theory is used to analyse a company's own organizational design by focusing on seven very important internal components which require to be lined up very effectively so that the enterprise is able to attain the goals set. These elements are structure,strategy, systems, staff, shared values, skills and style (Peters & Waterman, 1982). The first three (hard skills) are easily identifiable and tangible and are directly influenced by the company's management while the remaining four (soft skills) are less visible and may be influenced by the company's culture.

The shared value is core because other elements are developed around the organizations shared values hence as the values of the firm change, so do all the other elements. This model helps in understanding the way these seven elements are interrelated and hence helps organization succeed in whatever type of change the organization needs to take. Some of these changes are new processes or systems, restructuring, mergers between organizations or leadership changes at times.

2.3 Strategic Change Management and Performance

Cummings and Worley (2014) found that business enterprises need to focus their strategic change management initiatives on realising real business benefit. Therefore, deviations from this end up in inefficient use of effort and money which ultimately leads to wastage of resources or lost opportunities. A strategic change management programme can as well provide organisations and business owners with lots of opportunities to explore the ways that align the business aims with the needs of their staff. Senior management of the firm needs to support plans in the change programme, which if not supported may lead to failure.

Cummings and Worley (2014) go further to assert that lack of securing the senior management support may lead to difficulty in implementing a proposed change. To add on this, the stakeholders of the organisations will have to agree that such change is appropriate for the organisation and ensure that the customer base will respond in a positive way to the changes that have been proposed. The planned changes should always have an end goal in mind when planning the implementation. For the changes to achieve any real benefits, this goal must be completely lined up with overall direction and strategic objectives of the institution.

Henry (2014) posited that organizations change to win. Henry (2014) further states the win may be financial or at times non-financial such as process improvements or participation of staff in various projects being introduced. Companies usually have norms that comprises of values and beliefs that are subscribed by members of the firm (Green 2015). Managers should recognise the importance and urgency of change. Davis (2013) found that leaders should be at the fore front in identifying the need for change and communicating the vision clearly to the entire business. Continuous monitoring of the transition between the current state and the future condition should be instituted to ensure transformation is successful. Henry (2014) found that training of employees is very critical for success of the transformation.

Duck (2013) observed that organizations undergoing change need to obtain support and cooperation of all relevant parties for it to be successful. This can be done by clearly communicating the importance of the change and getting complete participation of all parties in the change process. Duck (2013) also argued that there needs to be a strategic change management plan in place guide in the change process.

Henry (2014) established that organizations don’t always have to change all the current resources in the firm but that they can blend the available resources with the firm’s future direction so as to make the most of what the institution currently has and what it wants to invest in. A change management plan that is effective will help the firm be well prepared to link up its available resources with new methods and strategies that are to be executed.

2.4 Empirical Studies and Research Gaps

Organizations should adopt new strategies through change management in order to increase their organizational performance. Mbwaya (2012) conducted a research on strategic change management ativities at Barclays Bank of Kenya Limited. The study recognized the significance of strategic planning, timely preparation and the inclusion of stakeholders so as to reduce cases of resistance. The outcome was that there was no single or universal method to strategic change management and that the practices continued to evolve every now and then due to changes in the ever changing environment.

Gichunge, (2006) carried out a research on effect of formal strategic change management on the performance of select middle level manufacturing enterprises in Nairobi. The outcome indicated that a large bulk of these Medium Enterprises used informal strategic change management that greatly increased the performance of their businesses. Nyororo (2006) studied strategic change management on National Social Security Fund's performance. The findings were that change management efforts were planned and had a clear line which positively impacted on the performance of NSSF.

Nganga (2014) researched on influence of strategic management practices on performance of Dyer & Blair Investment Bank in Kenya with results showing a positive relationship between strategic management practices for instance visible leadership and excellent service to good performance. Strategic planning was found to assist in effective company performance. Kimaita (2010) research on strategic change management practices in the Teachers Service Commission in Kenya found that some of the factors that caused challenges to firms were political and socio-cultural in nature and also included innovations in technology as well as behaviour of consumers which brought about discord in different firms. As a result, firms need to improve on their business processes through management of change for them to succeed.

In carrying out strategic change management, employee resistance to change is common in most companies. According to Kirkpatrick (2013), resistance to change from employees is among the leading reasons for failure in strategic change management initiatives. Among the reasons why employees resist change is because they don't know the reason the change is happening, out of fear of loss of control and responsibility for procedures, lack of trust in the management, misinformation among others. Lou (2013) revealed that employees will fully support and participate in the change process when they believe that they'll get benefits through the change thus increasing job satisfaction for employees. Gachohi (2014) established that occurrence of changes in commercial banks in Kenya was frequent with changes coming from both internal, external and technological influences thus need for strategic change management to overcome these challenges.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the methods and procedures applied when conducting this research. It covered research design, population targeted, sample design technique, methods used to collect data and data analysis technique employed in analyzing and organizing the data.

3.2 Research Design

Research design can be viewed as a structure in which research is done; therefore involves blue print that is used to collect, measure and analyse the data (Kothari, 2004). Chandran (2004) concluded that factors like research purpose, type of data required, cost and source of data could influence the research design that was chosen. This research design used was descriptive, cross-sectional research done through a survey. Descriptive cross-sectional studies describe the way items or things areat that particular time.

The study sought to adopt a descriptive survey design where the study attempted to describe such behaviour, attitudes and characteristics to assess their effect on organizational performance. The research combined a mix of qualitative and quantitative data acquired through primary and secondary sources of information. This survey was in form of open and closed ended questionnaires.

3.3 Population

Sekaran (2004) described populationas the whole group made of individuals, occurrences and other objects of interest in which the scholar desires to explore. The population of interest comprised of registered SMEs in Nairobi. The Kenya National Bureau of Statistics (KNBS) MSME basic report of 2016 found that there were 351,300 licensed SMEs operating in Nairobi. Areas that were covered in this study included Waiyaki way, CBD, Mombasa road, Thika road, Ngong Road and Jogoo road.

3.4 Sample Design

Sampling refers to scientifically selecting units from a population to be incorporated in the study that has all characteristics of the whole population. Using a sample helps the researcher in saving on money, time and also getting more detailed information (Bluman, 2009). Turner (2003) defined a sampling technique as an approach employed by scholars in choosing a sample from the main population to be employed in the research.

The researcher stratified the target population according to the 6 regions in Nairobi which included Westlands, Eastlands, Thika road, CBD, Ngong Road and Mombasa road. Afterwards, a systematic random sampling method was applied in deciding number of SMEs to be incorporated in this research work. The researcher selected every 3rd business from the overall sampling list. The sample size of 240 SMEs was chosen for the purpose of this research with 40 respondents coming from each of the six different strata. The respondents targeted in this research were SME owners or individuals left in charge to run the businesses in the physical premises in instances where the owner was not available.

3.5 Data Collection

This study utilized both primary data collection methods through use of questionnaire and also secondary data collection. An advantage of using questionnaires was that response rate was high as a result of wider reach and subjects also feel their responses were regarded anonymous leading to data being collected faster. The respondents in this study were the business owners or individuals left to run the business since they had more information on change. The secondary data was obtained from company websites and brochures which provided basic information from the various SMEs that helped in informing on the study objectives.

3.6 Data Analysis

Data analysis can be described as the application of reasoning to understand and interpret the collected data (Zikmund, 2003). Prior to processing the data that was collected through the questionnaires, the data was evaluated and analysed to establish its adequacy, completeness, credibility, usefulness and consistency. The data that did not fit into these criteria was excluded from the analysis. The outcome was presented through use of frequency distribution tables and regression analysis tables. The data was analysed using descriptive statistics. The quantitative data wasanalysed using the following instruments; measures of central tendency through use of mean score, frequency distributions and regression analysis. The Likert scale ranging from 1 – 5 was analyzed using the mean score.

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CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This section analysed data, presented it, then interpreted information collected from the field as stated in the methodology defined by the research. The use of table format has been applied to present the data. The information obtained from the study has been interpreted in line with the research objective and question.

4.2 Response Rate

240 questionnaires were issued at the collection stage with 200 of these getting responses signifying 83.3% rate of response thus satisfactory against a non-response rate of 16.7% which equaled to 40 non-responses. Therefore with regards to this study, the value 200 represents 100% of the number of respondents. This consequently shows high rate of response as a result of willing respondents who provided the needed information requested.

4.3 Demographic Information

The researcher set out to ascertain the demographic attributes of the respondents to assist in obtaining the general information on the research. This included distribution of employees, respondents' gender, their marital status, years in business operation and their level of education in these SMEs in Nairobi County.

4.3.1 Respondent Demographics

The researcher worked towards obtainig details on the SME owners' gender. From the outcome, 122 respondents which represented 61% indicated that they are male while 78 respondents which represented 39% indicated that they are female. The results therefore reveal that gender of the participants is not evenly distributed in SMEs in Nairobi County as it is heavily dominated by male in terms of gender. This implies that most SME businesses in Nairobi are owned by men with a few being owned by women.

The researcher also set out to ascertain marital status of the SME owners in the County of Nairobi. The outcome showed that 65% of the respondents which totals to 130 indicated that they are married while 35% which totals to 70 respondents indicated that they are single. Therefore, the findings found that most SME owners in Nairobi County are married.

The study additionally set out to ascertain the level of education among SME owners in Nairobi County. The outcome is displayed in Table 4.1.

Table: 4.1 Level of Education

Qualification	Frequency	Percentage
Post Graduate's Degree	50	25%
Bachelor's Degree	70	35%
College Diploma	75	37.5%
Certificate	5	2.5%
Total	**200**	**100%**

As shown in Table 4.1, 2.5% of the respondents which is the smallest percentage revealed that they are certificate holders followed by 25% which represented those that are Post graduate degree holders. From the table also, bachelor's degree holders constitute 35% while the highest percentage of 37.5% represents diploma holders. Therefore, the outcome indicated that the bulk of SME owners/ respondents are well educated thus having higher literacy levels. Thus, implying that majority of them are able to make quality decisions on everyday operations of the firm to ensure increased productivity.

4.3.2 Firm Characteristics

The researcher set out to determine the years of operations of the SMEs in Nairobi. The results are laid out in Table 4.2.

Table 4.2 Years of Business Operation

Years of Business Operation	Frequency	Percentage
0 - 5	50	25%
6 - 10	100	50%
11 - 15	30	15%
Above 15	20	10%
Total	**200**	**100%**

As shown in Table 4.2, 25% of the participants stated that the firms' have been operating for between 0 to 5 years, 50% indicated that their business has been in service for between 6 to 10years, 15% indicated that the firm has been in operaion for between 11 to 15 years while 10% pointed out that the entities have been running for more than 15 years. This clearly suggests that the bulk of SMEs have been in operation for between 0 and 10 years and have thus far gained experience and are therefore able to apply strategies which will make them survive in the business environment that is very competitive.

The researcher also sought to find out how many employees where there in the various SMEs in Nairobi County. The outcome is shown in Table 4.3.

Table 4.3 Number of Employees

Employees	Frequency	Percentage
0 - 5	55	27.5%
6-10	65	32.5%
11-20	60	30%
over 20	20	10%
Total	**200**	**100%**

As shown in Table 4.3, 27.5% of the respondents pointed out that they have 5 employees and below, 32.5% declared that have about 6 - 10 employees, 30% indicated that have between 11-20 employees, while 10% indicated that they have over 20 employees. The findings show that the distribution of employees in SMEs that have less than 20 employees are almost evenly distributed with those that have more than 20 being very few thus signifying that majority of SMEs have less than 20 employees in their firms.

4.4 Strategies Adopted by SMEs

The study set out to ascertain what strategies were being used by SMEs in Nairobi over the last one year. The results from the research is shown in Table 4.4.

Table: 4.4 Strategies Adopted by Small and Medium Enterprises

Statements	**Mean**	**Std. Deviation**
New product development	4.85	.358
Cost reduction	4.42	.507
Product modification	4.90	.300
Market expansion	4.52	.511
Diversification	4.75	.444
Growth	4.50	.512
Stability	4.60	.502

N=200

As revealed by Table 4.4, many respondents indicated that they have adopted product modification strategy with a mean of 4.90. The respondents also expressed support that they have adopted use of new product development strategy with a mean of 4.85and they also indicated diversification as another strategy practised by most with a mean of 4.75.

From the results found, it might be determined that a huge number of the respondents are adopting use of various strategies in pursuit of succeeding in business hence they strongly view that strategies been adopted by SMEs are positively influencing the performance. The management of these SMEs is promoting use of various corporate-level strategies which are geared toward achieving the growth and success of the company through improved performance. These SMEs are keen on strategic decisions that will help them when expanding their product range or moving into unchatered markets such as market penetration, diversification and product development strategies which all lead to growth of these SMEs.

4.5 Strategic Change Management of SMEs

The study set out to establish influence of strategic change management on SMEs in the County of Nairobi. Respondents were therefore presented with several statements on change management strategies. The results from the research are laid outin Table 4.5.

Table: 4.5 Strategic Change Management of SMEs

Statements	Mean	Std. Deviation
Strategic change management is critical or relevant in your organization	4.47	.512
The organization has a well-documented strategic plan	4.60	.502
The organization is well prepared for change	4.50	.512
Strategic change was well communicated in your organization	4.60	.502
There is employee participation in the strategic change in your organization	4.75	.444
Employees are adequately trained during the change process	4.50	.512
Resource constraint is one of the challenges experienced by your organization during implementation of change	4.60	.502
Employee resistance is an inhibiting element in implementing change in your firm	4.50	.512
The role of a change leader is very important in strategic change in your organization	4.47	.512
There is a reward and recognition system developed by the organization and aligned to the strategy to	4.60	.502

support implementation		
Innovation is a Key element in Strategic change management in your organization	4.75	.444

N=200

As shown in Table 4.5, the views from the respondents on strategic change management in SMEs in Nairobi County varied with the mass of respondents with a mean of 4.75 agreeing that employee participation is key in their enterprises. The respondents equally agreed with the following statements: strategic change was well communicated in the organizations with a mean of 4.60, that involvement of all stakeholders in formulation and implementation of syrategy in their organizations was critical for success at a mean of 4.50 and also expressed support to a reward and recognition system developed by the organization and that was aligned to the strategy to support implementation with a mean of 4.60 and finally for the case of innovation as being a key factor in strategic change management in the organizations at a mean of 4.75. The findings reveal that the bulk of respondents strongly agree that strategic change management exercise have a positive effect in SMEs as shown by the fact that most SMEs practice change management as a way of increasing their performance.

The findings further indicate that employee participation, effective communuication and involvement of stakeholders is key for success of the strategic change. The findings additionally shows that incentives such as reward and recognition can be used to reduce resistance by increasing the employees' morale hence leading to success of the strategic change management. The findings equally show that a well documented strategic plan and enables the businesses to be well prepared for the change management hence increasing the chances of success thus improving the business performance of the institutions.

4.6 Factors that Influence SMEs Choice of Change ManagementPractices

The study sought to ascertain which factors influenced the organization's choice of change management initiatives in SMEs in the County of Nairobi. The findings from the research are seen in Table 4.6.

Table: 4.6 Factors that Influence Small and Medium Enterprises Choice of Change Management Practices

Statements	Mean	Std. Deviation
Financial resources	4.76	.436
Technology	4.19	.402
Organizational structure	4.61	.497
Organizational culture	4.19	.402

N=200

As shown in Table 4.6, the views from the respondents on factors influencing the organization's choice of the change management practices in SMEs in Nairobi varied. The respondents concurred that: financial reseources influenced the choice of strategic change management activities with a mean of 4.76, that organizational structure also influenced the choice with a mean of 4.61 followed by technology and organizational culture both with a mean of 4.19.

The findings reveals that a bulk of the firms view financial resources as the key factor in determining the choice of strategic change management practice or strategy to be implemented followed closely by the organizational structure. This clearly indicates that availability of adequate funds and a flexible organizational structure that is open, ready and committed to change ensures that they choose superior change management strategies that will lead to increased performance of the SMEs. These outcomes associates with that of Henry (2014) which advocates for the application of superior strategies that gives SMEs improved instruments that ensures growth, viability and maintenance of competitive advantage that is sustainable. Therefore, SMEs need to adopt superior strategic management practices facilitated by availability of adequate resources, proper structures and culture to make sure the business succeeds.

4.7 Strategies For Encouraging Employee Participation in Change Management

The study sought to assess the strategies that are used to encourage effective participation of employees in the change management activity in SMEs in Nairobi County. The outcome is displayed in Table 4.7.

Table: 4.7 Strategies Used to Encourage Effective Employee Participation in Change Management Initiative

STATEMENTS	Mean	Std. Deviation
Effective communication	4.33	.483
Training	4.47	.511
Rewards and recognition	4.47	.511
Involvement in decision making	4.33	.483
Empowerment	4.52	.611

N=200

As seen in Table 4.7, the respondents' views on the strategies used to encourage employee participation in the change management initiative in SMEs in Nairobi County had varied responses. The respondents agreed that offering training as well as rewards and recognition were very important with a mean of 4.47 for both. The respondents equally concurred that effective training and involvement in decision making was also necessary with a mean of 4.33 for both.

From the findings, most respondents concurred that there are strategies that are used to encourage employee participation in the change management activities in SMEs within Nairobi. The study gathered that a strategic management system should be integrated with other systems such as information systems to ensure effective communication, contorm tools such as budgets to ensure available resources for training and funds for better reward systems to encourage its employees for it to realise its full potential. Effective communication and empowerment leads to teamwork in the organization leading to increased performance in the firm. Duck (2013) asserts that working together as a team is vital in the change management best practices. A two-way communication strategy that allows for participation through asking questions, giving suggestions and feedback from employees about any matter concerning the strategy formulated should be adopted. Additionally, the communication should inform the employees on any requirements in terms of duties and responsibilities that will be performed by them as well as the reasons for change in order to encourage participation hence increase the success of change management thus increase performance.

4.8 Organizational Performance of SMEs

The study set out to establish techniques used in measuring performance in SMEs in Nairobi. The outcome is revealed in Table 4.8.

Table: 4.8 Techniques for Measuring Performance in Small and Medium Enterprises

STATEMENTS	Mean	Std. Deviation
The organization tracks and measures the success rate of applied strategic change strategies	4.60	.503
The organization uses Balanced Scorecard method as a way of measuring performance	4.30	.470
The company uses Performance appraisals method of performance measurement	4.75	.444
The firm uses Management by Objectives method of performance measurement	4.50	.513
The company uses 360 Degree feedback method to measure its performance	4.60	.503
The changes impact positively on the general firm’s performance	4.47	.513

N=200

As evidenced by Table 4.8, The respondents’ views on the techniques used in measuring performance in SMEs in Nairobi County had various responses. The respondents were in agreement that: organizations’ monitor the successfulness of strategic change strategies applied at a mean of 4.60, that the firms use Balanced Scorecard method to measure their performance with a mean of 4.30 and also that a large portion of the respondents widely use Performance appraisals method to measure the performance at a mean of 4.75 followed by 360 degree feedback with a mean of 4.60. The respondendts also indicated that strategic changes impact positively on the general performance of the organizations with a mean of

4.47. As a result, the findings shows that clearly defined techniques used in measuring performance positively impacts SMEs performance in Nairobi County.

The study found evidence that in order to facilitate change management best practices in general, control instruments such as performance measurement systems need to be put in action. The balanced scorecard is one of the performance managerial instruments that can be used. The study found that most SMEs track and monitor the firms' performance through use of various techniques that assist in measuring performance thus positively impacting on SMEs performance in Nairobi by getting an indication of performance of the firm. This therefore, helps the organization know which strategies to continue with and which ones to alter in order to increase on productivity.

4.9 Measurement of Performance in SMEs

The research set out at establishing how SMEs in Nairobi measured performance brought about by Strategic change management. The findings are laid out in Table 4.9.

Table: 4.9 Measurement of Performance in Small and Medium Enterprises

STATEMENTS	Mean	Std. Deviation
Return on investment	4.52	.511
Increased market share	4.38	.497
Customer satisfaction	4.23	.436
Financial stability	4.42	.507
Efficiency	4.23	.436
Number of employees	4.45	.607
Customer referral rates	4.13	.336

N=200

As revealed in Table 4.9, The respondents' views on how SMEs in Nairobi measure performance realized through strategic change management varied. The respondents were in agreement that they measured performance through: thereturn on investment which had a mean of 4.52 which was the highest, through number of employees in the business with a mean of 4.45, through financial stability with a mean of 4.42 and increased market share with a mean of 4.38 as well. The findings made is that bulk of the respondents concur that measurement of performance in their organizations as an indicator of deciding the success of the change management strategies implemented within the firm. The study goes ahead to deduce that the SMEs can improve their performance through improvement of efficiency which leads to customer satisfaction leading to increased customer referrals thus attracting more customers which generates more revenue thus improving performance of the business and ultimately leading to growth. Therefore, the SMEs in Nairobi County that participate in strategic change management are highly likely to be characterized by achievement of higher performance.

4.10 Performance of SMEs

The study worked towards establishing performance of SMEs in Nairobi brought about by change management activities. The outcome is laid out in Table 4.10.

Table: 4.10 Performance of SMEs

STATEMENTS	Mean	Std. Deviation
Financial Measures		
Improved Return on investment	4.30	.230
Increased Operating income	4.75	.474
Increased Sales growth	4.50	.612
Improved Cashflows	4.23	.436
Non-Financial Measures		
Increased market share	4.45	.607
Improved customer satisfaction	4.13	. 336
Reduction of customer complaints	4.60	.502

Increased number of employees	4.30	.470
Improved productivity level	4.75	.444
Delivery of products is done in time	4.47	.412
Improved product quality	4.56	.611
Development of new products/increased number of product lines	4.33	.383
Remuneration and benefits have improved	4.52	.501
Increased customer referral rates	4.60	.612

N=200

As revealed in Table 4.10, The respondents' views on the SMEs performance brought about by change management strategies are: For the financial measures, most of the respondents were in agreement that the operating income of the firms' have increased with a mean of 4.75 and that the growth of sales was also on an increasing trend with a mean of 4.50. For the case of Non-financial measures, the respondents agreed that: level of productivity has greatly improved with a mean of 4.75, that there was reduction of number of customers complaints with a mean of 4.60 and increased customer referral rates with a mean of 4.60 as well as was increased market share with a mean of 4.45.

The findings notes that the performance of these SMEs has increased due to strategic change management practices. This increase is both in terms of quantitative and qualitative measures of performance. These findings relate to Henry (2014) who states that the win may be financial or at times non-financial such as process improvements or participation of staff in various projects being introduced. This shows that the the SMEs value both monetary and non-monetary results as a way of evaluating their businesses.

4.11 Competitive Advantages Realised by SMEs due to Change Management

The research set out to determine the competitive advantages benefited by SMEs in Nairobi brought about by change management initiatives. The results are outlined in Table 4.11.

Table: 4.11 Competitive Advantages realised by SMEs due to Change Management

STATEMENTS	Mean	Std. Deviation
The organization enjoys cost leadership strategy over its competitors	4.28	.297
The organization enjoys product/ service differentiation over its competitors	4.38	.497
The organization enjoys focus strategy over its competitors	4.33	.357

N=200

As shown in Table 4.11, there were various responses on the competitive advantages that SMEs in Nairobi have enjoyed from the change management practices implemented. The respondents agreed that: organizations' enjoy product/service differentiation over competitors being the highest with a mean of 4.38, SMEs also enjoy focus strategy over competitors with a mean of4.33 and that they also benefit from cost leadership strategy over competitors with a mean of 4.28. On the account of these findings, conclusion can be made that strategic change management is key in promoting competitive advantages in SMEs in Nairobi County. These three competitive advantages enable the SMEs to have an edge over their competitors hence enabling them perform excellently and thus succeed in the competitive environment.

4.12 Regression Analysis

Regression analysis helps in investigating the relationship between various variables. Researchers use it to investigate the causal effect of one variable on another. It can also be used for prediction purposes.

Model Summary

Model summary givesthe coefficient of determination (R^2) which shows portion of the variance in the dependent variable that is predictable from the independent variable and correlation coefficient (R) reveals the level of association on these two variables, that is, dependent and independent variables. The outcome revealed in Table 4.12 shows the fitness of model used of the regression model to expound the study occurrence.

Strategies adopted, strategic change management, factors that influence choice of change and strategies used to encourage employees were all established to be suficient variables in influencing the organizations' performance. This was aided by the coefficient of determination also known as the R square of 39.0%. This implies that the predictor variables explain 39.0% of the variations in the dependent variable (organizational performance). Additionally, the outcome implies that the model used to link the relationship of the variables was sufficient and therefore satisfactory. Adjusted R^2 is the modified version of R^2 which has been adjusted for the number of predictors in the model by less than chance. The adjusted R^2 of 0.372 which was slightly lower than the R^2 value was exact gauge of the connection between the dependent and the independent variable because it is very responsive to adding in of variables that are irrelevant. The adjusted R^2 indicates that 37.2% of the changes in organizational performance are expounded by the model.

Table: 4.12 Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.624[a]	.390	.372	.42093

Model Fitness

As shown in Table 4.13 through analysis of the variance (ANOVA): The outcome shows that the overall model was statistically significant as supported by a p value of 0.000 which is inferior to the critical p value of 0.05. Furthermore, the findings insinuate that the independent variables are good predictors of organizational performance. This was supported by an F statistic of 22.343 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table: 4.13 ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	15.835	4	3.959	22.343	.000
Residual	24.806	195	.177		
Total	40.641	199			

Regression coefficient

As laid out in Table 4.14, the results stipulate that strategies adopted have a positive and significant influence on organizational performance (β=0.314, p=0.000). It was also established that Strategic change management has a positive and significant influence on organizational performance (β=0.240, p=0.001). Moreover, it was established that Factors that influence choice of change have a positive and significant influence on organizational performance (β=0.130, p=0.035). Finally, Strategies used to encourage employees was equally showed a significant and positive influence on organizational performance (β=0.140, p=0.016).

Table: 4.14 Regression Analysis Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**	**T**	**Sig.**
	B	Std. Error	Beta		
(Constant)	.946	.380		2.492	.014
Strategies adopted	.314	.073	.323	4.276	.000
Strategic change management	.240	.070	.262	3.456	.001
Factors that influence choice of change	.130	.061	.148	2.134	.035
Strategies used to encourage employees	.140	.058	.166	2.433	.016

The optimal model was;

$$\mathbf{Y = 0.946+0.314X_1 +0.240X_2 +0.130X_3+0.140X_4} \text{ ....} \textbf{equation 4.1}$$

From equation 4.1, Y is the Dependant variable (SMEs performance), X_1 is Strategies adopted, X_2 is Strategic change management, X_3 is Factors that influence choice of change and X_4 is Strategies used to encourage employees to participate in change process. According to the equation, taking all factors (strategies adopted, strategic change management, factors that influence choice of change and strategies used to encourage employees) constant at zero, overall performance of SMEs in the County of Nairobi will be 0.946. It was established that an increase in strategies adopted results in an increase in SMEs performance by afactor of 0.314; increase in strategic change management would cause a 0.240 increase in performance of SMEs; an increase in factors that influence choice of change would lead to a 0.130 increase in SMEs performance and lastly that an increase in strategies used to encourage employees would cause a 0.130 increase in performance of SMEs in the county of Nairobi. The regression outcome shows that all the predictor variables had a positive and statistical effect on SMEs performance in the County of Nairobi. This therefore indicates that there is a positive relationship between Strategic change management and the effect on performance of SMEs in the County of Nairobi.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary and conclusions derived from findings, gives study limitations as well, offers suggestions for further research and finally recommendations. The research objective was to establish effect of strategic change management on performance of SMEs in Nairobi County.

5.2 Summary

The objective of the research was establishing the effect of strategic change management on performance of SMEs in the County of Nairobi. The respondents to the study was 200 which signified 83.3% which became the number that was used in analysing information.

The research found that the mass of respondents agreed that strategic changes adopted by SMEs have a positive impact on the business productivity. The research additionally found that these SME owners are using a variety of corporate-level strategies that work towards increased performance. These strategies range from diversification to market expansion to product development to market penetration etc geared towards growth.

Another finding obtained is that most SMEs in Nairobi County agree that there should be strategies in place to encourage effective employee participation in the change management initiatives. The research also realised that employees need to be adequately trained on the change mananement process and that reward and recognition culture should be in place to assist in implementation process through motivation of employees so that the SMEs can realise their full potential through increased performance. The study established that feedback and control mechanisms should be in place so that the firm is able to monitor progress towards achieving strategic goals and objectives by tracking actual performance against set target and providing timely indication on any reason to change or rethink the strategy.

The research also noted that generally, the techniques applied in change management in measuring performance have a positive impact on general performance of the SMEs in Nairobi. The study determined that tools like the balanced scorecard and performance appraisals are widely used in measuring performance of the SMEs since they look at a wholistic view of the business, that is both monetary perspective and non-monetary perspective. Through this, the study also established that both financial and non-financial success measures was key for the institutions to realise increase in productivity, performance and growth of the business brought about by change management initiatives.

The findings also emphasized that most SMEs support that increased performance of the SME businesses in Nairobi County due to change management strategies and this is evidenced through the competitive advantages benefited by the SMEs. This is accredited to the fact that the change management initiatives enables the SMEs gain a competitive advanatage over competitors in the challenging business environment hence giving the business an upper hand which increases their performance leading to higher chances of success. Businesses need to implement change management strategies as a way of ensurng growth of their business through improved performance. Hence SMEs view the importance of adopting various stratgeies and ensuring there is effective change management initiatives to ensure success of these strategies leading to increased performance.

5.3 Conclusions

The study established that there existed a positive impact of strategic change management on performance of SMEs in Nairobi. The study equally concluded that SMEs should develop a comprehensive master plan which captures the mission, vision and objectives. The study similarly concluded that it is important to motivate everyone in the organization to encourage them to pursue the strategies developed, budgets should have an allocation for resources for internal activities such as training, reward and recognition. The research also concluded that use of change management activities increases the SMEs performance and that change management initiatives being implemented should be continuously monitored to ensure their effectiveness. The research also concluded that strategic change management is aimed at improving the SMEs performance and it is therefore critical to establish synergised operating systems that will assist each member in effectively carrying out their strategic roles. The study also concluded that their needs to be full stakeholder support in order for the change management to succeed.

The study therefore concluded that SMEs have to adjust their existing methods and procedures and adapt new strategies such as technological changes, innovation, diversification, cost control etc as a way of ensuring profitability and ultimately survival of the firm. Therefore, the SMEs need to adopt unique and superior change management strategies that are custom made to their enterprise' requirements so as to obtain a competitive advantage over others hence increase performance through profitability and growth.

5.4 Recommendations

The study found out that it is important to have all stakeholders on board and therefore recommends that there needs to be involvement and commitment of all key stakeholders in change management in SMEs for them to succeed. The research also found out that participation of employees is key in the change process hence the study also recommends that all employees need to be trained on the change management process as well as budgets made available for offering incentives in form of rewards and recognition to employees for them to be fully committed to the change process thus increasing the chances of success hence increased performance and growth. The study also observed that having superior strategies and implementing them well can ensure success of the business hence the study also advocates that the SMEs ought to embrace use of superior change strategies which will ensure they develp a competitive advantage over their competitors hence having higher performance which ensures higher chances of success and survival.

The study also found that a strategic plan can help the SMEs adopt to change and increase their performance if well implemented hence the study additionally recommends that SMEs ought to develop a strategic plan which is documented to ensure that they are well prepared for the change management strategies. The strategic plan shoud also be able to provide methods for monitoring. tracking and measuring performance of the implemented strategies to make sure they are heading in the correct direction to realise the goals set and also provide corrective mechanism where the strategy isn't working. The study also found that communication was critical hence the research recommends that there should be a two way communication system to ensure timely information is passed to the entire business and that feedback is also received and acted upon.

5.5 Limitations of the Study

It was difficult to get some of the SME owners at the physical business premises hence had to leave the questionnaires with the individuals left in charge to give to the owners to fill when they were available, hence some of the questionnaires might not have reached the intended respondents leading to non response. In addition to this, there was also lack of cooperation from other SMEs owners who were not willing to take part in the research survey.

5.6 Suggestions for Further Research

This study was done to establish the effect of strategic change management on performance of SMEs in the County of Nairobi. It centred only on SMEs in within Nairobi hence there is need to conduct additional studies on change management on performance of SMEs that are outside of Nairobi County to confirm if there are any consistencies with results from this study.

There should also be further studies carried out to find out impact of change management strategies on performance of other types of business such us national and multinational corporate organizations. There should also be studies that goes deeper into discussing the challenges faced by organizations when undergoing a change process.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

OPIYO ALPHONCE WANGOYE
MBA STUDENT, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI
STUDENT ID NO. D61/7537/2017

Dear Respondent,

RE: INVITATION TO PARTICIPATE IN AN ACADEMIC RESEARCH SURVEY

I am currently an MBA student at The University of Nairobi working on my academic research project in partial fulfillment of Master Degree in Business Administration. To this end, I am collecting information regarding my research project titled-Effect of Strategic Change Management on Performance of SMEs in Nairobi County. I am collecting data from the field to enable me complete my research project work and I would be grateful if you could spare a moment to fill the questionnaire provided below. Your responses will be utilized for the purposes of this study only and the information held with utmost confidentiality. The information obtained wont be used to reveal the identity of person (s) ororganization (s) that participated in this study. A copy of the same shall be availed to you on request. Place a tick (√) or provide a brief response to the statements that require you to write down your opinion. Kindly reach out to me on Tel: 0717406741 in case of any query. You can also send me back the completed questionnaire via email below. I will really appreciate your support.

Yours sincerely,
Alphonce Wangoye Opiyo.
Email: alphonceopiyo91@gmail.com.

APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Name of the organization____

2. Location of the organization in Nairobi?__________________________

3. Please indicate the core business of the organization ____________________________

4. What is the current position you are holding? ___________________________________

5. How many years has your organization been operating?

    a. 0-5 ☐
    b. 6-10 ☐
    c. 11-15 ☐
    d. Over 15 ☐

6. Gender?

    a. Male ☐
    b. Female ☐

7. Age?

    a. Below 20 years ☐
    b. 21-30 years ☐
    c. 31- 40 years ☐
    d. 41-50 years ☐
    e. Over 50 years ☐

8. Your marital status?

    a. Single ☐
    b. Married ☐
    c. Other ☐

9. Education Level?

    a. Certificate ☐
    b. Diploma ☐
    c. Bachelor's degree ☐
    d. Master's Degree ☐
    e. Other (please specify) __________________________

10. How many employees are there in your organization?

a. 0-5 ☐

b. 6-10 ☐

c. 11-20 ☐

d. over 20 ☐

SECTION B: STRATEGIC CHANGE MANAGEMENT

11.Please tick the number which represents the degree to which the following strategies have been adopted by the organization. Strongly Disagree =1,Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
New product development					
Cost reduction					
Product modification					
Market expansion					
Diversification					
Growth					
Stability					

Other strategies (Please specify) ____

12. Below are several statements on strategic change management. Please tick the number which represents the extent to which you concur with the following statements: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Strategic change management is critical or relevant in your organization					

The organization has a well-documented strategic plan					
The organization is well prepared for change					
There is stakeholder support in the change process in your organization					
Strategic change was well communicated in your organization					
Involvement of all stakeholders in formulation of strategy and implementation in your organization is critical for success					
There is employee participation in the strategic change in your organization					
Employees are adequately trained during the change process					
Resource constraint is one of the challenges experienced by your organization during implementation of change					
Employee resistance to change is an inhibiting factors in implementing change in your firm					
The role of a change leader is very important in strategic change in your organization					
There is a reward and recognition system developed by the					

organization and aligned to the strategy to support implementation					
Innovation is Key in Strategic change management in your organization					

13. Kindly specify the level to which agree with each of the statements on the factors that impact your organization's choice of the change management practices: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Financial resources					
Technology					
Organizational structure					
Organizational culture					

Other factor (Please specify) ____

14. Kindly specify the degree to which you agree with each of the statements on which strategies are used to encourage effective employee participation in the change management initiative: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Effective communication					
Training					
Rewards and recognition					
Involvement in decision making					
Empowerment					

Other strategy (Please specify) ____

SECTION C: ORGANIZATIONAL PERFORMANCE

15. Kindly tick the number which represents the degree to which you agree with the following statements: Strongly Disagree =1,Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
The firmmonitors the success rate of strategic changes employed					
The organization uses Balanced Scorecard method of performance measurement					
The firm uses Performance appraisals method of measuring performance					
The entity uses Management by Objectives performance measuring method					
The firm uses 360 Degree feedback method to measure its performance					
The changes impact positively on the firms' performance					

16. Please indicate the degree of agreement to each of the statements: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5. How do you measure performance in your organization?

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Return on investment					
Increase in market share					
Customer satisfaction					
Financial viability					
Efficiency					
Number of employees					
Customer referral rates					

Other measure (Please specify) ____

17. Kindly state the level to which you agree with each of the statements on performance of the organization brought about by strategic change management initiatives: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements **Financial Measures**	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Improved ROI					
Increased Operating income					
Increased Sales growth					
Improved Cash flows					
Non-Financial Measures					
Increased market share					
Improved customer satisfaction					
Reduction in customer complaints					
Increased number of employees					
Improved productivity level					
Timely delivery of products					
Improved product quality					
Development of new products / increased number of product lines					

Remuneration and benefits have improved					
Increased customer referral rates					

18. Kindly specify the degree of agreement to each of the statements on the competitive advantages your organization has been able to enjoy due to the change management strategiesput in action: Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5

Statements	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
The organization enjoys cost leadership strategy over its competitors					
The organization enjoys product/ service differentiation over its competitors					
The organization enjoys focus strategy over its competitors					

Other advantages (Please specify) ____

THANK YOU FOR YOUR PARTICIPATION