PROBLEMS AND PRACTICES OF STRATEGIC CHANGE MANAGEMENT IN THE MANUFACUTURING SECTOR: A CASE OF OLYMPIA CAPITAL HOLDINGS LTD

BY

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DECLARATION

This project is my original work and has not been submitted for a degree in any other University.

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

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DEDICATION

To my dear parents the late John Rabuogi and the late Judith Nyakoa for their love, wise counsel and selfless sacrifices to see me through my education. A special dedication to my brothers and sister for their moral support and encouragement.

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ACRONYMS USED IN THE STUDY

GDP	Gross Domestic Product
MBA	Master of Business Administration
NGO	Non-Governmental Organization
NSE	Nairobi Stock Exchange
PVC	Polyvinyl Chloride

ABSTRACT

This study looked into the problems and practices of strategic change management in the manufacturing sector as experienced by Olympia Capital Holdings Ltd. Further the study was also to identify the major considerations taken by the company to determine the change process. This company is seen as representing organizations that are changing in many ways in that the company changed hands and also the name and diversified its operations.

The study was conducted by carrying out in-depth interviews with the top management of the company who were involved in the change process. Data was analyzed using conceptual content analysis to determine emerging themes and relate this to the theory of change management. The study revealed that the company adopted Kottler's eight step model in managing change and the main problems experienced were resistance and financial constraints. The main achievements for the change effort were increased profitability and giving the company a life line from the imminent collapse it was faced with.

A number of recommendations were made based on the findings of the study. Chief among these was that companies in the manufacturing sector who are considering implementing planned strategic change use should Kottler's eight stage model. However, emphasis should be placed on a clear vision and strategy and empowering others to act on the vision. Another recommendation is that organizations intending to undergo strategic change management should source for adequate financial resources to enable the change process go on smoothly.

CHAPTER 1: INTRODUCTION

1.1 Background.

1.1.1 Strategic Change Management

Strategic Change Management is a structured and systematic approach to achieving a sustainable change in human and organizational behavior. It involves moving the people in the organization from certain old behaviors to some new behaviors which are desired by the organization. Successful strategic change is built from an overall strategic management in the organization. The strategy of the organization is what legitimizes the change program. Change management involves some transitions from some current state which is undesirable to a desired future state, through a series of actions and activities.

Change management is problem finding and problem solving practice in the sense that organizations undergoing change must have identified a problem from the environment or from the way they have been doing things, it is the problem that makes the current state undesirable and hence the change. The change problem itself is the future state that needs to be realized and some current state that needs to be left behind as well as some organized process of moving from some undesirable state to the desired future state.

1.1.2   *The Manufacturing Sector*

A lot of companies in Kenya have experienced a change in one area or the other in their operations. The way the change is managed and implemented is an area of interest. The nature of change and forces of change vary from company to the other. Business cycles witnessed since the 1950s to date have influenced change processes globally. These cycles have inevitable forced organizations to strive to achieve a sustainable competitive advantage. These global changes have had significant changes both in developed and developing countries .In developing countries firms have to cope with the intense pace of changes namely technological, sustainable competitive advantage, efficiency and effectiveness. While in the developing countries, the changes have been witnessed in various sectors such as, not for profit, transport, commerce, industry and labour.

Kenya's manufacturing sector has been unable to maintain its post-independence momentum of growth. Despite a change in industrial policy to emphasize manufacturing for export markets, a marked decline in manufactured exports, occurred in the period 1972-80. Kenyan manufacturing has come to be characterized by unproductively, inefficiency, and excessive reliance on imported technology.

Few now doubt the importance of an organizations ability to identify where it needs to be in the future (Burnes 2000).Either formally or informally; organizations develop strategies that often times dictate a change in an organization's status quo. Burnes (2000) further notes that change comes in all shapes, sizes and forms thus it is difficult to establish an accurate picture of the degree of difficulty organizations face in a managing change successfully. Burnes (2000) argues

that one reason why successful change is an elusive creature maybe because there is a great deal of dispute about how often and to what degree organizations need to change.

The need of change transcends geographies, countries, industries and companies (Njau 2000).The forces of change be they economic, technological or social have been and are still being felt right here in Kenya, yet there is scanty information available to scholars on change management programs carried out in Kenya despite the significant organizational changes taking place on the local scene in the recent past.

The manufacturing sector accounts for about 13% of the GDP and employs about 240,000 persons. In the year 2003, the sector grew by 1.4% as compared to 1.2% in 2002. The factors that contributed to this improved performance include zero rating of excise duty and related taxes for majority of inputs, government intervention in promoting export opportunities for manufactured products, enforcement of anti-dumping measures to protect local industries and increased investor confidence among others.

Towards the end of the 1990s, industrial performance has been severely constrained by structural factors. The poor state of the country's infrastructure has served to increase freight costs and extend delivery times. In 1998 the manufacturing sector expanded by just 1.4%, with little sign of any significant recovery in 1999. (http://www.bisnetworld.net/bisnet/countries/kenya8.htm)

This paper will seek to outline and document the problems and practices of change process at Olympia Capital Holdings, a company in the manufacturing sector.

1.2 Olympia Capital Holdings Ltd.

Olympia Capital Holdings Ltd is a multinational firm that has been in operation in Kenya since 1970 under the registered name of Dunlop Kenya Ltd. It was the only PVC floor tile manufacturing company in East and Central Africa and has held 70% of the market share of the floor tile industry up until the mid 90's where there has been the entry of competition from imported PVC floor tiles from South Africa, Egypt and Asia. In spite of it being the only PVC floor tiles-manufacturing firm in Kenya the company has faced stiff competition from imported floor tiles that has resulted in the profits of the company to fall, however it has had to continually review its operations to ensure that this profitability is sustained in the long-term.

The change management process started in 1998 and it was in phases, the key objective of this change effort was to become the leading PVC floor tile manufacturer in the region and to be more efficient in its ways of operations. In 1999 Dunlop Kenya Ltd decided to form Dunlop Industries Ltd to act as the operating company for its manufacturing wing. Dunlop Kenya Ltd was to remain the holding company and concentrate on other acquisition to become a regional investment holding company.

The second phase change kicked off in the year 2001 with a five year acquisition plan that would be financed from cash flows, liquidation of assets and debt. The objectives were to be a

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diversified regional investment holding company in the East and Southern Africa Region and also business turnaround. In 2002, Dunlop Kenya Limited jointly with other local shareholders formed a company, Yeti Holdings (Proprietary) Limited incorporated in Botswana with Dunlop Kenya Limited holding 59.9% equity of the subsidiary. Yeti Holdings(Proprietary)Limited subsequently acquired 100% stake in Kalahari Floor Tiles (Proprietary) Ltd, a company incorporated in Botswana which has two wholly owned subsidiaries, Gaberone Enterprises(Proprietary) Limited incorporated in Botswana and Plasrik (SA) Proprietary Limited incorporated in South Africa.6% of the acquired equity was subsequently disposed off to a local investor.

In early 2003, the company did a major restructuring in its subsidiary Dunlop Industries Limited, there was a revamping of the senior management by the creation of the post of a General Manager and a change in the organizational structure of the business, benchmarking against the Botswana manufacturing business and changes in the manufacturing process. All these changes according to the Chairman's report in the 2003 Annual Report led to improved efficiency in the plant, which led to a reduction in both the operating and production costs.

In the Thirty Fourth Annual General Meeting held on 6th August 2004, the Chairman requested for a change in the name of the company from Dunlop Kenya Limited to Olympia Capital Holdings Limited, which was in line with the company's Botswana investment holding subsidiary, this was approved.

1.3 Statement of the Problem

The manufacturing industry in Kenya has faced change in different forms in the last decade. This has been due to the harsh economic conditions forcing them to adopt change in order to remain relevant and survive. The reactions in this sector have been varied and the successful implementation of change will enable companies to have a sustainable competitive advantage over its competitors.

The approach which Kenyan companies use to initiate and implement strategic change is not clear. Companies in the manufacturing sector that have not managed change properly have been faced with a lot of problems and some of the symptoms are closures, industrial unrests, resistance from the staff.

This research seeks to provide insight that would be helpful to the manufacturing sector in effective change management and thus avoid such things as, industrial unrests and closures that have been a characteristic of the sector. The research will be important to the manufacturing sector and will show them how to manage change. It may lead to improvements in their manufacturing activities.

In as much as strategic change management is an issue; little attention has been given to the manufacturing sector in previous research. A number of studies on strategic management in Kenya companies have been done (Bett 1995, Njau 2000, Kandie 2001). These studies have given insights into the challenges and responses of some Kenya Organizations to the changing

environmental conditions mainly increased competition. They have broadly delved in three basic elements of strategic management namely strategy analysis, strategy choice and strategy implementation. The later element (implementation) would normally entail some form of change. Gekonge (1999) looked at the change management practices in companies listed by the NSE, but he does not attempt to look at the manufacturing sector. Other studies Bwibo (2000) looks at the strategic change management practices in NGO. Most of the previous studies have been surveys, therefore a gap exists in the understanding of how change has been managed in Kenya. Since previous studies have mostly been surveys a case study involving a local company in the manufacturing sector will give us a chance to understand clearly the problems and practices of strategic change management process the manufacturing sector. More studies may be needed in this area focussing on different sectors before generalizations can be made regarding the problems and practices of change management.

Given the above scenario this study will address the following questions:-

1. What strategic change management practices has Olympia Capital Holdings adopted from the time it was a subsidiary of Dunlop International?
2. What problems has Olympia encountered in managing change?

1.4   Objectives of the Study

1. To find out the process and practices adopted by Olympia Capital Holdings Ltd in managing change.

2. To identify the major considerations taken by Olympia Capital Holdings in determining the change management process.

3. Identify the problems experienced in managing change.

1.5   Importance of the Study

The findings of this study will be important to:

1. Scholars who may be interested in understanding the strategic change management in manufacturing sectors and also companies listed in the Nairobi Stock Exchange.

2. The management which might be interested in an outside perspective on their management of the change process.

3. Shareholders who may be interested in verifying that the change process has drawn the right impact both to the financial aspects as well as other aspects.

4. Stakeholders who may be shareholders or any other interested group such as Strategic Management analysts.

CHAPTER 2: LITERATURE REVIEW

2.1 The Concept of Strategy

Johnson and Scholes (1999) define strategy as "the direction and scope of an organisation over the long term; which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and fulfil stake-holders expectations." Strategic Management is the process by which managers set an organisation's long-term course, develop plans in the light of internal and external circumstances, and undertake appropriate action to reach those goals, Goldsmith (1995). The "actions" referred to here are the strategies employed in meeting a firms short and long term objectives. In the process of employing strategy, Pearce & Robinson (2000) recommends three critical ingredients for the success of a strategy:

1. The strategy must be consistent with conditions in the competitive environment. It must take advantage of existing or projected opportunities and minimise the impact of major threats.

2. The strategy must place realistic requirements on the firm's resources. The firm's pursuit of market opportunities must be based not only on the existence of external opportunities but also on competitive advantages that arise from the firm's key resources.

3. The strategy must be carefully executed.

2.2 Management of Strategic change

According to Hardy (1994), managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment in

policy, systems, styles, values staff and skills of an organization to realize a strategy (Peters, 1976).The process of managing strategic change involves more than just strategy. It encompasses the path from strategic intent to strategic realization (Carnall, 1990).Strategic realization is the transformation of strategic intentions into actions through a series of organizational changes, actions and decisions (Strabel 1996).

2.3   *Theoretical Foundation of Change Management*

According to Burnes (2000),the three schools of thought that form the central planks on which change management theory stands are:-

The Individual Perspective School which assumes that individual behaviour results from the individual interacting with the environment. Human actions are conditioned by the expected consequences and behaviour that is rewarded tends to be repeated and unrewarded negative behaviour eventually disappears. To bring about organizational change, managers must use strong incentives and involvement, discussions and debates (Skinner 1974).

The Group Dynamics School argues that individual behaviour is a function of the group environment. Individuals behave in a way that conforms to group pressures, norms, roles and values. The focus of change must, therefore, be at the group level and should concentrate on influencing and changing group norms, roles and values in order to bring about successful strategic change management (Bell and French 1984).

The Open Systems School whose focus is on the entire organization. It sees the organization as composed of different sub-systems, which are the goals and values sub system, the technical sub-system, the psychological sub system and the managerial subsystem (Millen 1967).A change in one part of the system can therefore be achieved by changing the subsystem but one then needs to understand the interrelationship of these sub systems.

2.4   *Environments, Strategy and Capability*

A change in a firm's business environment is one of the triggers for the strategic change in the organization. Ansoff (1988) states that the interest in strategy is caused by growing realisation that the firm's environment has become progressively changeable and discontinuous from the past and that, as a result, objectives alone are insufficient as decision rules for guiding the firm's strategic reorientation as it adapts to changing challenges, threats and opportunities.

FIGURE: 1 RELATIONSHIP BETWEEN ENVIRONMENT, STRATEGY AND ORGANISATIONAL CAPABILITY.

Source: Ansoff & McDonnell
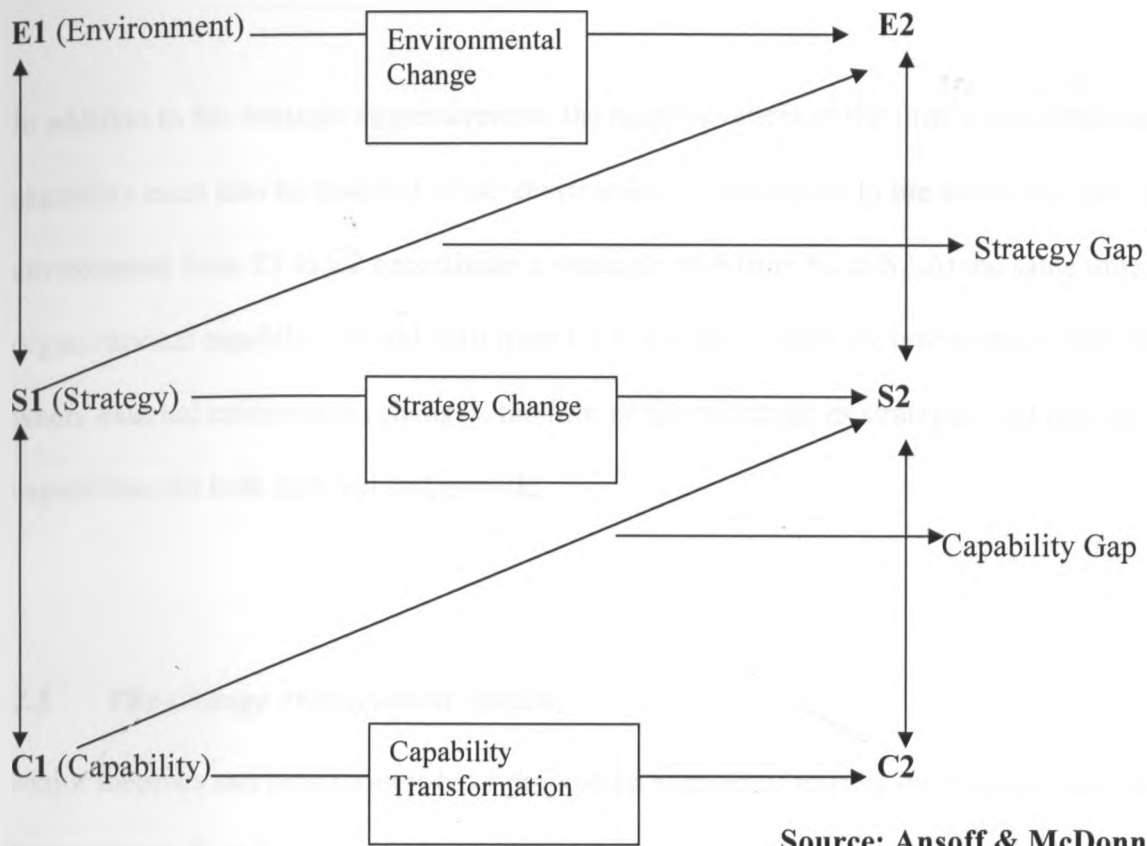
A firm needs to do a strategic diagnosis to determine the changes that have to be made to a firm's strategy and internal capability in order to assure the firm's success in the environment. Environmental turbulence is a combined measure of changeability and predictability of the firm's environment. In the above diagram, there is a shift of the environment from E1 to E2.This shift in environment requires a shift in the firm's strategy from S1 to S2.The amount of strategic shift will depend on the firm's strategic aggressiveness, which is either described by its degree of discontinuity (incremental, discontinuous reactive) or the timeliness of introduction of the firm's

new products/services relative to new products/services, which have appeared on the market(reactive, anticipatory, innovative, creative).

In addition to the strategic aggressiveness, the responsiveness of the firm's organizational capability must also be matched to the environmental turbulence. In the above diagram, a shift in environment from E1 to E2 necessitates a strategic shift from S1 to S2.At the same time the organizational capability should shift from C1 to C2.Since firms are environment dependent, where external environment changes, the firm needs to change its strategies and internal capabilities for both survival and growth.

2.5   The Change Management Models

Major theorists and practitioners have proposed a number of models for strategic change management. Kurt Lewin from his work on change management came up with three models:

The Action Research Model in which a key and powerful individual senses that the organization has one or more problems that might be alleviated by a change agent. The agent gathers data and solves the problem jointly with the change agent (Burnes 2000).

The Three Step Model whose process goes through three stages which include the identification of the problem together with the identification of action steps to solve the problems and possible resistance to change. The action step is the implementation of action steps and finally stabilization and evaluation to determine the success of change or need for further action or

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termination which is leaving the system or stopping one project and starting another (Burnes 2000).

The Phases of Planned Change Model in change goes through four phases which include exploration, planning, action and integration. According to Burnes (2000), other writers have, using Lewin models as a foundation, come up with other models that have greatly contributed to effective strategic change management in organizations. Lippit et al (1958) developed a seven-phase model of planned change, while Cummins and Huse (1989) developed an eight-phase model. However as Cummings and Huse point out, the concept of planned change implies that an organization exists in different states at different times and that planned movement occurs from one state to another. Therefore in order to understand change, it is not sufficient merely to understand the approaches and process which bring about change. There must be an appreciation of the states that an organization must pass through in order to move from an unsatisfactory present state to a more desired future state and the approach and process used to achieve this state.

Kotter J proposed an eight-stage model of creating major change:

1. Establishing a sense of urgency: This is required to overcome complacency. Kotter emphasizes that a good rule of thumb in a major change effort is to never underestimate the magnitude of the forces that reinforce complacency and that help maintain the status quo. Examining market and competitive realities, Identifying and discussing crises, potential crises, or major opportunities may establish urgency.

2. Forming a powerful guiding coalition: A strong guiding coalition is always needed - one with the right composition, level of trust, and shared objective. The four key characteristics to effective guiding coalition are position power, expertise, credibility, and leadership. Management and leadership must work in tandem, teamwork style.

3. Creating a vision and strategy: Good vision clarifies the general direction for change, motivates people to take action in the right direction, and it helps coordinate people's actions. The characteristics of an effective vision are imaginable, desirable, feasible, focused, flexible, and communicable. But vision alone is not enough. This is where strategy plays an important role. Strategy provides both logic and a first level detail to show how a vision can be accomplished.

4. Communicating vision: The power of a vision is most powerful when all people within an organization have a common understanding of its goals and direction. Although the general myth is that failures to communicate vision are attributed to either limited intellectual capabilities among lower-level employees or a general human resistance to change. But that is not really the problem. The vision needs to be communicated in a clear, simple message (focused and jargon-free). Using every vehicle possible to communicate the new vision and strategies and teaching new behaviors by the example of the guiding coalition

5. Empowering others to act on the vision: It involves Getting rid of obstacles to change, changing systems or structures that seriously undermine the vision, encouraging risk taking and nontraditional ideas, activities, and actions.

6. Planning for and creating short-term wins: Major change takes time and it is therefore advisable to pay serious attention to short-term wins. Short-term wins should be visible, unambiguous, and related to the change effort. Short-term wins play various roles in a change effort, most notably building the necessary momentum. We also need to recognize and reward employees involved in the improvements.

7. Consolidating improvements and producing still more change: Using increased credibility to change systems, structures, and policies that don't fit the vision. Hiring, promoting, and developing employees who can implement the vision. Reinvigorating the process with new projects, themes, and change agents

8.Institutionalizing new approaches: Articulating the connections between the new behaviors and corporate success. Developing the means to ensure leadership development and succession.

According to Burnes(2000),the models that have resulted from the work of the other writers mentioned above include:

The simple Model in which change takes place within a seven-phases framework which include the need of change; recognition of the need; identification of the need; identification of possible solutions; communication and consultation; selection of the solution; selling the solution; implementing the solution and achieving success.

The Champion Change Model which suggests that change is unlikely to be lasting, or to be successful or even or even take place at all, unless there is a leader of change. This leader must provide inspiration, must have the complete or wholehearted support of senior management group and must have the authority to carry out the change. He leads the people in the change process until the change has taken place and then he disengages himself after empowering those involved in the change process, through involvement, to continue with the change.

The Processual Model which is the temporal approach to change management .It identifies the substance of change like new technology or new management techniques, the need of change is conceptualized, transition in terms of new tasks, activities and decisions is achieved in the contextual frame work of politics of change, human resources, administrative structures and the business market and lastly the new organizational arrangements.

The Logical Incrementalism Model in which change takes place incrementally by developing the patterns of change incrementally, solidifying the process in the change programme incrementally and integration of the processes and interest in the change programme incrementally (Quinn 1980).

2.6   *Resistance to Change*

Resistance to Change is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change (Ansoff,1994).According to (Ansoff 1994) resistance manifests itself throughout the history of change. You could either have

Behavioural Resistance or Systemic Resistance. Behavioural resistance is both by individuals (employees or managers) or groups e.g. unions. People may resist change either due to self – interests, misunderstanding and lack of trust, different assessments or low tolerance for change. Systemic resistance refers to incompetence by the organization represented by the difference between capacity requirement for a new strategic work and capacity available to handle it.

To minimize resistance, managers must define the terms and persuade employees to accept them. Leadership must drive the process of change to alter the employees' perception and bring about revised personal impacts. The following change tactics are useful in minimizing resistance to change;

Timing: Change implementation should build on perceived crisis. Capitalize on windows of opportunity in change processes. The message about the timing of the change should be clear.

Job Losses and De-layering: Tactical choice of where job losses should take place is very important. One should avoid "creeping" job losses. However, where job losses are to take place, there should be a visible, responsible and caring approach to those who loose their jobs.

Visible short term wins: Some tasks in strategy should be seen to be successful quickly. Such as demonstration of wins to galvanize commitment to strategy (Johnson and Scholes,1999).

Without proper leadership, employee will remain sceptical of the vision for change and distrustful of management and management will likewise be frustrated and stymied by employees' resistance to change (Strebel 1996).Building organizational capacity to the desired level can reduce systemic resistance.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter contains the steps followed in completing the study. They include research design, data collection procedures and data analysis.

3.1   Research Design

This was case study on Olympia Capital Holdings Ltd.The study was intended to bring out in-depth information regarding the process, problems and practices in managing change.A case study is an in depth study of individual unit - individual, group, institution, organization, or program. The case may be an individual, a city, an event, a system, or any other possible object for analysis. The advantage of the case study method is that it allows more intensive analyses of specific empirical details. However, it is difficult to use the results to generalize to other cases.

Olympia Capital Holdings has undergone many changes and come out as a strong company in the manufacturing sector of the building industry, thus the study could serve as a model of change management in the manufacturing sector.

3.2   Data Collection

Both primary and secondary data was collected and used for this study. Primary data was collected through in depth interviews which were administered by the researcher. An interview guide (Appendix I) was used to interview the chief executive, the finance manager and

administration, the marketing manager and the production manager of Olympia Capital Holdings Ltd involved in the strategic change management.

Secondary data was collected from the organisation's annual reports, financial statements, strategic plans sales reports, press reports and journals. These sources had information on performance indicators over the years, Chairman's and managing director's overview on the business and operating environment and any initiatives by the firm in the change process, strategic intent and position of the firm and the desired and actual strategic responses of the firm, challenges and problems faced by the firm and industry as a whole.

3.3   Data Analysis

Data was analyzed using conceptual content analysis to determine emerging themes and relate this to the theory of change management. This type of analysis was chosen because it does not limit the respondent on answers and has the potential of generating more information with much detail.

The primary and secondary data collected was summarized according to study themes of urgency, vision, empowerment and implementation as far as the change management process was concerned. The theme for factors influencing change effort was resistance, culture, politics, teamwork, leadership and funding. The findings emerging from the analysis were then evaluated to determine the areas of consensus or conflict and finally used to compile this report. Content analysis technique as described was used in several case studies of this nature; Ogwora

(2003),Mbogo (2003), Kirui (2001),Njau (2000), Thiga (1999) and Bett (1995) used these techniques in their MBA projects.

CHAPTER 4: THE RESEARCH FINDINGS

This chapter provides the results of the study. As its objectives, the study was to seek to find out the process and practices adopted by Olympia Capital Holdings Ltd in managing change; to identify the major considerations taken by Olympia Capital Holdings in determining the change management process; and to identify the problems experienced in the process of change. This chapter therefore looks at the issues in the light of these objectives and provides direction into the change management process in Olympia Capital Holdings Limited. The top management of Olympia Capital Holdings Ltd. were the respondents in this study. They were; the Chief Executive Officer, Finance and Administration Manager, Production Manager and the Sales and Marketing Manager.

4.1   Company Profile

Olympia is a public limited company that was started way back in 1967. It has some shares being held by the public but the major shareholders are, Dunlop properties, Manrik Investments,Karen Investments, Cooper Kenya and Scott Link Limited. The company employs a staff force of about 110 making it a medium sized organization if by staff size consideration. The firm is in the business of PVC floor tiles manufacture and also is a regional holding investment in the building material sector.

The company has been on the change path for a while. The change was principally motivated by the need to survive the turbulent business environment. The change process initially yielded low

results, which was the experience up to five years ago. Subsequent to this period, the numbers have been improving yielding to an anticipation of about Kshs 30 million after tax profits in 2005.

4.2   *Process and Practices in Managing Change*

All the respondents were in agreement that the firm operates from an environment that has a fair share of turbulence. However, they were also of the opinion that at times the environment can be fairly stable. According to the respondents, there was unanimity on the company on the issue of it conducting long term planning. One of the respondents indicated that the plan is usually done very 2 – 3 years. The remaining indicated that the planning is done between 3 to 5 years. On the other hand, while two of the respondents felt that long term planning was critical in the future success of the company, the other two felt it was important.

Questioned on areas that change was most experienced in the last five years, Technology was well featured, retrenchment and competition. Other areas included the organization structure, the products and in acquisition. Probed for on the extent of change, two of the respondents indicated that there were some changes in technology. The remaining indicated that there was average and fair amount of change respectively. On products, one felt that there was no change at all, another there was small change, average change and some fairly amount of change.

There was no change at all in as far as culture is concern though according to one respondent there was some average change. In as far as competition is concern, the respondents indicated

there was change but there was varied opinion on the extent of change; namely from average change to significant change. There was agreement that there was definite change in the structure of the organization.

The Chief Executive Officer as indicated by the respondents largely initiated the change process. According to the respondents, the Chief Executive, gave the most contribution. However, there some respondents also took note of initiative by the owners and board of directors. They indicated that the said groups, contributed to a good extent. However, the respondents indicated that the planning for the change process was done by the top management.

According to the respondents, the employees were informed about change. They were communicated to through, memos, employee meetings and through their supervisors. The employees were also involved in the change process but to varied extend. The employees' contribution was ensuring successful change initiative and facilitation of smooth change.

4.3   *Major Considerations in Determining Change Management Process*

There were different factors that influenced change in the company. They include the management's input, employee participation, the company objectives, benchmarks and the visible results. Other factors that had average influence, include; leadership, the reward system and training.

There are a number of company traditions that also influenced change both positively and negatively. However the opinion on those traditions varied across the respondents. For instance, three of the respondents were of the feeling that customer focus positively influenced change while one of the respondents thought, it rarely did. Those were the sentiments shared on quality production. There sentiments were varied from positive influence to rare positive influence by promotion. Symbols did not create much positive influence to change.

According to the respondents, the changes instituted impacted positively on profitability. The sales growth was average same as product quality and distribution efficiency. Further, according to the respondents, the employee morale, market share, cost management and return on investment were not negatively affected by the change instituted. The opinion on customer satisfaction varied from least negatively affected to average negatively affected by change.

Some of the visible benefits from the change process include: the firms survival from an imminent collapse, there was also the acquisition of a new plant in Botswana which boosted the company's consolidated profits, enhanced profitability and efficiency; there was the adoption of New production techniques, quality improvement and finally the employees were rewarded with salary reviews and a sense of increased job security was evident.

Probed for their opinion on change as being desirable, two of them strongly agreed, while other two simply agreed. According to them this sentiments were based on notions of: The only constant thing in business to day is change and the only way to survive is to embrace change. They all agreed that a change is as good as a rest and changes brought about were going to

enable the company improve on the quality of the products, grow and expand its market share and ultimately higher profits

4.4   *Problems experienced in Managing Change*

The respondents indicated that there was resistance to change. Some of the personal resistance were manifested in complains, apathy, anger, withdrawals and delays. At an organisational, the manifestation of resistance to change included, lower productivity, power games and increased union activity. However resistance was overcome largely through involvement. Rescheduling and education was used at least on an average basis.

Other notable challenges in the change process were the attitudes of the employees, lack of adequate financial resources, the loss of market share during the change process because it somewhat slowed down the operations and there wasn't enough floor tiles to cover the demand so imported tiles filled in the vacuum.

CHAPTER 5: CONCLUSION

In this chapter the results of the study are summarized, discussed and conclusions drawn. The chapter also provides limitations of the study, recommendations for further research as well as recommendations for policy and practice.

5.1   *Summary, Discussions and Conclusions*

In this section results are summarized, discussed and conclusions drawn. This is done in order of objectives. The study sought to address the following objectives

1. To find out the process and practices adopted by Olympia Capital Holdings Ltd in managing change.

2. To identify the major considerations taken by Olympia Capital Holdings in determining the change management process.

3. Identify the problems experienced in managing change.

5.1.1   *Process and Practices in Managing Change*

The first objective of the study was to find out the process and practices adopted by Olympia Capital Holdings Ltd in managing change. Olympia Capital adopted the Kottler's eight step model in managing change. A sense of urgency was created by the decline in profits and the market competitiveness the company was experiencing. The second step of Building a powerful guiding coalition was done by the board of directors, the chief executive and senior management who lead the change program. A clear vision and strategy was developed and communicating the vision was done to the employees who were informed of the change. The fifth step of

empowering others to act on the vision was done by training of some key employees who in turn trained others. As for creating short term wins this was done by immediately stopping production of adhesives which had low margins and were not really selling, employees were also rewarded for reducing wastages in the production process. Similarly the step of consolidating improvements and creating more change was followed when there was restructuring in the company and a general manager with financial management skills was hired. The company also anchored the new approaches to culture by creating better performance through customer and productivity oriented behaviour, better leadership and more effective management. In conclusion therefore, the company saw the need of change, prepared plans and used one of the models for managing change.

5.1.2   *Major Considerations in Determining the Change Management Process*

The second objective was to identify the major considerations taken by Olympia Capital Holdings in determining the change management process. The findings indicate that some of the factors that influenced change were declining profits, competition, and the turbulent business environment. Other factors were the leadership, reward system and training. The chief executive officer was the major initiator of the change process and the planning was done by the top management who were to ensure that the goals and objectives set were achieved. The findings on employee involvement as a factor that influence change are consistent with the assertion that an organization's goals and objectives when jointly developed with employees will empower the employees to change.

5.1.3   Problems in Managing Change

The final objective was to identify the problems experienced in managing change. The findings indicate that there was resistance to change with the most emotional signs being complaints, apathy, anger withdrawals and delays. Other problems were lack of adequate financial resources and the loss of market share when the company was changing its machinery and equipment.Culture and attitudes was also noted but not to a very large extent.

However, success rarely comes without change, and change requires leadership. We all want success but not all of us are taught to succeed. If we manage day-to-day business operations of our company, it will run smoothly without making any noise and growth. To get your company to run and win the race of competition, you have to jolt it, change it, and know how to manage that change to successfully leverage that change to your advantage.

5.2   Limitations of the Study

The bulk of the study was done by personal interviews of the top management involved in the change process. However it would have been necessary to also get views from other employees and stakeholders such as competitors, suppliers and customers. The views from the people running the sister company in Botswana was not got because of logistic reasons. The limitations of a case study include the danger of false industry generalization.

5.3   Recommendations for Further Study

From the study and limitations discussed in the proceeding section, several recommendations can be made for further research. First a study should be carried out that will include interviewing low cadre employees rather than the managers as was the case in this study. This will bring out the pertinent issues which could have been missed out in this study. Secondly a study can also be done on the impact of the changes made at Olympia Capital Holdings on its additional line of business as a Regional Holding Investment Company in the building material sector. Further studies should also be done to investigate the role of leadership in change management in Kenya. Finally I would recommend a survey of the manufacturing sector as a line of further study.

5.4   Recommendations for Policy and Practice

The researcher would recommend that companies in the manufacturing sector who are considering implementing planned strategic change use Kottler's eight stage model. However, emphasis should be placed on a clear vision and strategy and empowering others to act on the vision. The researcher also recommends that organizations intending to undergo strategic change management should source for adequate financial resources to enable the change process go on smoothly.

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APPENDIX I: INTERVIEW GUIDE

Name of Respondent: _____

Designation of Respondent: _____

SECTION A: COMPANY PROFILE:

1. When did Olympia Capital Holdings start business in Kenya?

   _____

2. Who are your principal Shareholders?

   _____

3. How do you define your core business?

   _____

4. How many employees are there in Olympia Capital?

   _____

5. What are the Key drivers of Change in your industry?

   _____

6. How has your firm's performance in terms of profitability over the past five years?

   _____

7. To what do you attribute the kind of performance described in (6) above?

   _____

SECTION B: PROCESS AND PRACTICES IN MANAGING CHANGE.

PLANNING

8. How would you describe the business environment within which you operate?

a) Turbulent

b) Stable

c) A combination of turbulent and stable

Nb: Please circle or tick your answer.

9. (a) Do you conduct long term planning   **Yes** ( ) **No** ( )

(b) If yes, how important is long term planning for the future success of the company?

(Tick appropriate box below)

Of no importance   ( )

Of limited importance   ( )

Important   ( )

Very important   ( )

Essential   ( )

Others (Specify)

(c) How often is long term plan prepared in your organization? (Tick)

Every 2-3 years ( )

Every 3-5years ( )

Never prepared ( )

Others (Specify)

CHANGE PROCESS

10. Which of the following areas has change been experienced most in your organization in the last 5 years? (Tick appropriate box)

Technology ( )   Merger ( )   Acquisition ( )

Products ( )   Competition ( )   Retrenchment ( )

Culture ( )   Structure ( )   Others (specify) ( )

11. State the extent of change in the following areas (where 1 is no change at all and 5 is most change)

	No Change At All			Most Change	
	1	2	3	4	5
Technology	( )	( )	( )	( )	( )
Products	( )	( )	( )	( )	( )
Culture	( )	( )	( )	( )	( )
Merger	( )	( )	( )	( )	( )
Competition	( )	( )	( )	( )	( )
Structure	( )	( )	( )	( )	( )

Acquisition	( )	( )	( )	( )	( )
Retrenchment	( )	( )	( )	( )	( )
Others (specify)	( )	( )	( )	( )	( )

12. (a) Who initiated the change process? (Tick appropriate box)

The owners   ( )

The Board of Directors   ( )

The Chief Executive   ( )

Consultants   ( )

Senior Management   ( )

Others (Specify)   ( )

13. (b) To what extent did the following contribute to initiate change? (Tick appropriate box)

	No Contribution At All			Most Contribution	
	1	2	3	4	5
The owners	( )	( )	( )	( )	( )
The Board of Directors	( )	( )	( )	( )	( )
The Chief Executive	( )	( )	( )	( )	( )
Consultants	( )	( )	( )	( )	( )
Senior Management	( )	( )	( )	( )	( )
Others (Specify)	( )	( )	( )	( )	( )

14. Were employees told about the change? (Tick appropriate box)

Yes   ( )

No   ( )

(a) If yes, how was this communicated?

Bulletins ( )   Memos ( )   Employee Meetings ( )

Newspapers ( )   Supervisor ( )   Others (specify) ( )

15. Who among the following was involved in the planning for the strategic change management in the organization?

Top Management ( )   Middle management   ( )

All Employees   ( )   A group of employee ( )

Consultants   ( )   Others (specify)

SECTION C: MAJOR CONSIDERATIONS IN DETERMINING CHANGE

MANAGEMENT PROCESS.

CHANGE MANAGEMENT

16. Who among the following was involved in the implementation for the strategic change management in the organization?

Top Management ( )   Middle management   ( )

All Employees   ( )   A group of employee ( )

Consultants   ( )   Others (specify)

17. (a)   Did you use any participation tool? Tick appropriate box)

Yes   ( )

No   ( )

(b) If yes, which participation tool was used most during change?

	Not used at all				**Most Used**
	1	2	3	4	5
Quality Circles	( )	( )	( )	( )	( )
Task forces	( )	( )	( )	( )	( )
Special Discussion Group	( )	( )	( )	( )	( )
Opinion Polls	( )	( )	( )	( )	( )
Suggestions	( )	( )	( )	( )	( )
Brainstorming	( )	( )	( )	( )	( )

18. (a)   Did you plan for the change?

         Yes   ( )   No   ( )

    (b)   If yes, how long did it take?

         Less than a year   ( )

         Two years   ( )

         Less than three years   ( )

19. Was any formal process used in undertaking the change?

         Yes   ( )   No   ( )

20. How was the change carried out?

At once   ( )   Gradual   ( )   Continuous   ( )

21. To what extent did management involve the employees?

	Not Important at all			Most important	
	1	2	3	4	5
To obtain their acceptance and support	( )	( )	( )	( )	( )
Employees are important	( )	( )	( )	( )	( )
To ensure success of change initiative	( )	( )	( )	( )	( )
Employees are stakeholders in the change	( )	( )	( )	( )	( )
To facilitate smooth change	( )	( )	( )	( )	( )
Other reasons (specify)	( )	( )	( )	( )	( )

22. Which of these factors influenced change most in your organization?

	Not influenced at all			Most influenced	
	1	2	3	4	5
Vision/Mission	( )	( )	( )	( )	( )
Leadership	( )	( )	( )	( )	( )
Management	( )	( )	( )	( )	( )
Consultants	( )	( )	( )	( )	( )
Employee participation	( )	( )	( )	( )	( )
Reward System	( )	( )	( )	( )	( )
Training of employees	( )	( )	( )	( )	( )
Company objectives	( )	( )	( )	( )	( )

	Not positively at all			Most positively	
	1	2	3	4	5
Visible results	( )	( )	( )	( )	( )
Benchmarks	( )	( )	( )	( )	( )
Others(specify)	( )	( )	( )	( )	( )

23. Please indicate the extent to which the following company traditions influenced change.

	Not positively at all			Most positively	
	1	2	3	4	5
Customer focus	( )	( )	( )	( )	( )
Quality	( )	( )	( )	( )	( )
Promotions	( )	( )	( )	( )	( )
Symbols	( )	( )	( )	( )	( )
Innovation	( )	( )	( )	( )	( )
Reward System	( )	( )	( )	( )	( )
Organization climate	( )	( )	( )	( )	( )
Attitudes	( )	( )	( )	( )	( )
Flexibility	( )	( )	( )	( )	( )
Policies	( )	( )	( )	( )	( )
Others (specify)	( )	( )	( )	( )	( )

24. How positively have the changes impacted the following performance indicators of the company?

	Not positively at all			Most positively	
	1	2	3	4	5

Profitability	( )	( )	( )	( )	( )
Sales Growth	( )	( )	( )	( )	( )
Product Quality	( )	( )	( )	( )	( )
Machine Downtime	( )	( )	( )	( )	( )
Distribution efficiency	( )	( )	( )	( )	( )

25. How negatively have the changes impacted the following performance indicators of the company?

	Least negative			Most negative	
	1	2	3	4	5
Employee Morale	( )	( )	( )	( )	( )
Customer Satisfaction	( )	( )	( )	( )	( )
Market Share	( )	( )	( )	( )	( )
Cost Management	( )	( )	( )	( )	( )
Return on investment	( )	( )	( )	( )	( )

26. (a) List the visible benefits from the change process realised by the organization:

_____

_____

_____

(b)   What   benefits   did   you .   realise   from   the   change?

_____

_____

27. What were the notable challenges that the entire change process went through?

_____

_____

28. In your opinion is the change always desirable?

	Strongly agree			**Strongly disagree**	
	1	2	3	4	5
	( )	( )	( )	( )	( )

29. Why_____

_____

SECTION D: PROBLEMS IN MANAGING CHANGE

RESISTANCE TO CHANGE

30. (a) Was there any resistance to change?

      Yes ( )   No   ( )

    (b)   If yes, what were the specific signs of resistance to change?

Complaints ( )   Apathy ( )   Anger ( )   Errors ( )   Absenteeism ( )

Delays   ( )   Withdrawals ( )   Others(specify) ( )

(c) Among the signs mentioned above, which were most significant?

	Not significant at all			**Most significant**	
	1	2	3	4	5

	1	2	3	4	5
Complaints	( )	( )	( )	( )	( )
Errors	( )	( )	( )	( )	( )
Anger	( )	( )	( )	( )	( )
Apathy	( )	( )	( )	( )	( )
Absenteeism	( )	( )	( )	( )	( )
Withdrawals	( )	( )	( )	( )	( )
Delays	( )	( )	( )	( )	( )
Others(specify)	( )	( )	( )	( )	( )

(d) What were the organizations signs of resistance to change?

	No resistance at all			Most resistance	
	1	2	3	4	5
Increased accidents	( )	( )	( )	( )	( )
Increased Absenteeism	( )	( )	( )	( )	( )
Increased union activity	( )	( )	( )	( )	( )
Lower productivity	( )	( )	( )	( )	( )
Power games	( )	( )	( )	( )	( )
Others (specify)	( )	( )	( )	( )	( )

31. How was resistance overcome?

	Not used at all			Most used	
	1	2	3	4	5
Involvement	( )	( )	( )	( )	( )

Rescheduling	( )	( )	( )	( )	( )
Dispatch	( )	( )	( )	( )	( )
Education	( )	( )	( )	( )	( )
Counselling	( )	( )	( )	( )	( )
Threats	( )	( )	( )	( )	( )