

STRATEGIC CHANGE MANAGEMENT AT GROUP 4  
SECURITY SERVICES (K) LIMITED

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CAROLINE MAKAA MUTUI

A Management Research Project submitted in Partial Fulfillment  
of the Requirement for the Award of the Degree of Master of  
Business Administration (MBA) of the School of Business,  
University of Nairobi.

### ***Declaration***

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

Signed: Caroline Date: 28/10/2009

Caroline Makaa Mutui

Reg. No. D61/70049/2007

This management project has been submitted for examination with my approvals as the university supervisor.

Signed: Jeremiah Kagwe Date: 29/10/09

Jeremiah Kagwe

Lecturer, Department of Business Administration

School of business

University of Nairobi.

### ***Dedication***

This project is dedicated to my dear husband, Felix and son Wambua. Your support and patience has helped me through all the difficult times through out my study. To my sisters Faith, Ritah and Kido who inspired me to keep going when all hope seemed elusive. And last but not least, my supervisor Mr. Jeremiah Kagwe for tirelessly leading me to the right direction.

## ***Acknowledgement***

The successful completion of this study was dependant on the sacrifice and efforts of various individuals. These individuals included the Logistics manager Group 4 Security services (K) Limited for coordinating the research data collection at the Company.

The study benefited immensely from the advice and supervision of Mr. Jeremiah Kagwe whose efforts and support were essential to the success of this project.

I thank all the participants at Group 4 Security Services Limited for facilitating this study, I also wish to thank the university panelists who were involved in assessing this study from its inception.

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*List of Abbreviation and Acronyms*

G4S (K) Ltd    Group 4 Security Services (K) Limited



### ***Abstract***

This case study on Group 4 Security Services (K) Limited was to have an in-depth understanding of the strategic change management processes and practices in a parented security services company and was achieved by exploring two objectives that brought out the strategic change management practices and challenges faced at the time of implementation. The study was geared to act as a guide to Group 4 Security Services (K) Limited managers and other security services firms in their steps towards developing appropriate practices in their quest to successful strategic change management.

The case study design followed a structured format to extract essential information needed to the company's change management practices and challenges experienced while implementing the change and adopted a field based data collection method by use of an interview guide.

It was observed from the findings that G4S (K) Ltd has had tremendous growth financially in terms of profits, revenue and market share as a result o strategic change management programs adopted by the company over the years. It is notable that the company continues to manage ongoing changes as a result of the continuous diversification that it continues to adopt in an effort to effectively remain competitive in the security services industry.

The company has adopted fundamental change practices in its change management programs including but not limited to restructuring, training, establishing effective communication systems and employee welfare to ensure that they curb employee turnover and retain the best. In essence therefore, the company has endeavored to institutionalize the changes in everyday's systems of the company as well as concentrate on the ongoing changes without compromising quality, price levels and customer satisfaction.

## **CHAPTER 1: INTRODUCTION**

### **1.1 Background of the study**

This chapter gives a background as well as the statement of the problem, the objectives, and the importance of this study, outlining in detail the main concepts underlying the study.

#### **1.1.1 Concept of Change and Strategic Change Management**

David and Holland (2002) define change as a transition from one state to another with focus on being different. They point out that change is the only constant in today's life for individuals and organizations. They note that some changes can be reversible while others are not hence the risk in managing change. According to Davis and Holland (2002) change management is the use of systematic methods to ensure that an organization can be guided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and within desired results. Todd (1999) defines change management as being a structured and systematic approach to achieving a sustained change in human behavior within an organization.

The management of change among organizations, groups and individuals is perhaps the biggest challenge that faces organizations today. Change is the only constant in many organizations and unless managements are able to cope with demands imposed by changes they face, then organizations may be unlikely to survive. Robson and Beary (1994) cautioned that no individual, group or organization has automatic right to survive and succeed. Strategic change management is about identifying and imbedding in the organization those changes that will ensure the long- term survival of the organization. The cause of change varies from steady decline in performance and effectiveness which ultimately demands a genuine turn around to a sudden radical shift. Change can be thought of as a condition and process. Change as a condition describes what is happening in the internal and external environment and it is part of the reality that an organization must accept (Hill & Jones 1999).

Mintzberg (1983) notes that strategic change is not a regular or a continuous process; rather it is most often a irregular, discontinuous process proceeding in fits and starts. There are periods of stability in strategic change but also there are periods of flux, of piecemeal change and of organization wide change. The view of strategic change as an irregular process reflects an

understanding of the human tendency to continue on a particular course of action until something goes wrong or a person is forced to question the status quo.

Burnes (2004) observes that, given the rise and fall of industries and technology over the last two decades, organizations and society at large are in a period of rapid and unprecedented change, a period where old certainties no longer hold good, and new ones are yet to emerge. An alternative view is that the pace and uncertainty of change varies from company to company, industry to industry and even country to country. As a result at any point in time, some organizations will be experiencing extreme turbulence whilst others appear to operate in a relatively stable environment. However, the pertinent issue is how organizations can cope with both the turbulent environment in which they operate, and the constraints, challenges and the threats they face.

De Wit and Meyer (1999) linked strategic change in an organization to uncertainty. Keeny (2001) identified the degree of uncertainty and the scope of strategic projects as key elements of the impact they have on an organization. Rogers (1995) claimed that innovation brings with it uncertainty. Projects resulting from the implementation of radical strategic direction in an organization may well involve change and innovation, but will certainly involve high levels of uncertainty. Nauheimer (2005) described change management as the process, tools and techniques to manage the people-side of change process, to achieve the required outcomes, and to realize the change effectively within the individual change agent, the inner team and the wider system.

Buther et al (1999) evidenced that certain management characteristics such as management youthfulness, objectives set, the directions in which manpower resources are employed and containment of bureaucracy are associated with superior change management and acceptance. Bar (1979) notes that successful organizations are those that, as events have turned out, had the correct vision of how things were to be in the future and deployed their resources accordingly. Organizations thus must ensure that they have the right people at the right places with employees who are able to manage tomorrow today.

### **1.1.2 Context and forces of change in strategic change management in subsidiaries**

There is need to balance forces that call for international integration of operations and centralization of decisions against forces that call for national responsiveness and subsidiary autonomy in the making of strategic decisions in the management of headquarters-subsidiary relationship. For each decision these conflicting sets of forces have to be traded off one against the other depending on the decision, while over time, from decision to decision, an overall balance has to be maintained. From decision to decision without compromising an overall balance implies structuring decision making process beyond mere formal organization (Doz and Prahalad, 1984).

For international business organizations, centrifugal forces tend to be more acute compared to domestic firms increasing the problems of integration (Stopford and Wells 1972). The foreign subsidiary is a subject to the laws of the country in which it is located (the host country) as well as certain status of the nation in which the parent is domiciled (the home country). The subsidiaries must be differentiated enough to conform cultures, markets and customs that contrast markedly with those of home country, but this flexibility has to be accommodated within a structure that will provide the maximum contribution to corporate performance (Wilkins 1974). The degree to which control is retained by the centre of the multinational company, the supranational hierarchal levels above the foreign subsidiary, conditions the impact the host country may have on its foreign investors.

Dymsza (1984) observes that one of the most important development in management has been the much greater emphasis that multinational companies have placed on strategic planning as framework for decision making, companies want to explore global opportunities for profits and services to their customers, to reduce threats, uncertainties, exposure to risk and to achieve greater competitive efficiency, along with profitability objectives around the world. As a result strategic planning has become a key to management process. Dymsza, (1984) indicated that even though many aspects of international strategic planning are similar to those of domestic planning, they differ in creating uniqueness and complexity, these depend on funds, technology, management know-how and personnel among other factors.

Dymsza (1984) points out that multinational corporations characterized by high technology or rapid technological change, complex sourcing and high economies of scale often require integrated planning. On the other hand, firms with somewhat limited economies of scale, mature products in the product cycle, and major emphasis on marketing and those facing diversity in consumer tastes and government regulations need considerable adaptive planning.

Noung (2003) indicates that a lot of multinational corporations do their production work in lesser developed countries (LDCs) or developing economies. In developing countries the comparative standard of living is lower, so multinational corporations can pay workers less what they would have to in the developed countries. Noung (2003) points out that there are also problems associated with multinational companies, these include corruption and unfair practices in an effort to maximize the shareholders profits and cut costs where possible.

Noung (2003) states that change poses a number of challenges to subsidiaries, these include; the proposed change may not be relevant to the host country, delays in communicating the change to the subsidiaries as well as delays in implementation, most decisions on the change are made at the corporate headquarters, hence the subsidiary management's input is unlikely to be taken into account. There may also be circumstances in the host country that may hinder implementation of the change. These may include things like labor laws, trade laws, socioeconomic and political pressure.

### **1.1.3 The Security Services Industry.**

The security services industry in the world has largely gone through great changes over the past fifteen years. The industry deals with provision of security services in the form of guards, security back-up systems cash and courier services among others. The industry has changed a lot over the years due to the changing customer needs and technological inventions (Wikipedia 2009). The industry is important in that with the changing lifestyles world wide and people spending most of their time in their work places, people have little or no time to perform these jobs themselves as well as the provision of employment opportunities to a big work force worldwide. There has been increased need for provision of services like courier services and other errands which were ordinarily carried out by the people themselves. This has led to many

companies venturing in this market mostly by diversifying their activities. This rapid growth calls for players in the market to have unique strategies or be swept away by competitors (Nyalita 2006).

#### **1.1.4 Group 4 Security Services Kenya Limited**

Group 4 securities Services is a global company with its parent company based in United Kingdom. It was founded in 1901 in England, started as a Securicor company; it has operations in over one hundred countries all over the world. In 2004 G4S plc was formed from the merger between Securicor plc and Group 4 Falck A/S's Security Business (Kenya Security Services Directory 2008). From the parent company it has a senior management comprising of a chairman, deputy chairman who is also the senior independent director, four non executive directors, chief executive officer, chief financial officer and a company secretary. At the subsidiary level the company is run by a chief executive officer, chief financial officer, and chief operations officer, a human resource and a logistics manager (G4S plc website 2009).

It is a leading provider of security and courier solutions, offering cash services, manned security and courier services in more than one hundred countries. The subsidiary is the leading security, cash services and courier solutions provider in Kenya. The subsidiary has provided employment opportunities to locals in its branches located in all major towns in Kenya. Its market share continues to grow with the subsidiary opening more branches in towns upcountry (G4S plc Kenya 2009). Being part of the global Group 4 Securities operating in over one hundred countries worldwide, the subsidiary is the leading security expert with a global reach and firm focus on helping customers thrive in their own markets. The parent company provides global expertise and the subsidiary provides local understanding (Nyalita 2006). With nearly ten thousand staff in over one hundred nationwide locations, the company covers every aspect of security and courier needs. The subsidiary has been chosen for this study because of the changes it has gone through in recent years ranging from mergers to expanding the nature and scope of services given to its clients.

## **1.2 Statement of the problem**

Managers of global companies make decisions across a range of firm and plant level encompassing activities associated with traditional functions such as finance, marketing and production as well as those associated with less traditional functions such as international – government relations and international accounting (Finn, 2003). There are no standard management principles in managing activities of global organizations, but there are some core and common concerns which arguably define the main dimensions within which multinational management decisions are made; they define trade offs with respect to two considerations: (1) To what extent should specific actions be standardized or differentiated across the product and geographic markets in which the firm participates? (2) To what extent should responsibility for specific actions be centralized within headquarters, either global or regional, or decentralized to smaller, international affiliates? (Finn, 2003).

According to Cray (1984) for any large complex organization, the problem of ensuring that its constituent part acts in accordance with the overall policy is a central and continuing concern. Subunits in a multinational corporation must relate to a corporate centre with a certain mandate, authority and power. Therefore the corporate centre has legitimate role in directing and influencing subunits regarding the adoption of the organizational management strategies. Strategic change and its management, in multinational companies is heavily influenced or determined by overall corporate strategy. Strategic change management practice in parented companies differs from their domestic counter parts. There is no local empirical work done in the area of change management practices in parented security companies/ firms, hence the choice of the subsidiary for this case study.

There have been a number of studies carried out by scholars on strategic change management (Mbogo 2003, Kandie 2001, Muturi 2006, Nyamwache 2003, Maingi 2005, and Bwibo 2000). These studies have given researchers insights into the challenges and responses of some Kenyan organizations to strategic change management. Though there has been a study on strategic change management of local subsidiary of a multinational organization, none has been done on a security services provider hence a gap exists in understanding the drivers of change and how these have been managed in a multinational security services provider, hence this

study offers itself as a suitable avenue for an in-depth understanding of change management process in a parented security services company.

### **1.3 Objectives of the study.**

1. To establish the change management practices adopted by Group 4 Security Services (K) Limited.
2. To establish challenges faced by the Company in the implementation of the strategic change.

### **1.4 Importance of the study.**

The study will be useful to the senior management and staff of Group 4 Securities as they will have an opportunity to gauge the progress, direction and benefits of the change efforts. It will also be a source of information should they be faced with similar situations in future.

For academicians and other researchers wishing to carry out further research, it will contribute to the existing literature in the field of strategic management.

The study will also be important to similar organizations undergoing change process or that seek to improve organizational performance through strategic change management practices as it will be a source of information on strategic management in parented firms.



## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter introduces the literature reviewed to providing a theoretical ground for the study. It also identifies the research issues to be addressed and provides the conceptual framework and a detailed outline of the underlying concepts and variables.

### **2.2 Concept of Strategy and Change Management**

Johnson and Scholes (1999) state that strategy is the direction and the scope of the organization over the long-term, which achieves advantages for the organization through configuration of its resources in the changing environment to meet market needs and fulfill stakeholders expectations. If products and markets were stable and organizational change rare, neither strategy nor change management would be considered particularly important (Burnes, 2000).

Aosa (1992) states that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. The strategic problem is a mismatch between internal characteristics of an organization and its external environment. The matching is achieved through development of organizations' core capabilities that are correlated to the external environment. The strategy of an organization must continuously and actively adapt the organization to meet demands of an ever changing environment.

Hill and Jones (2001) define strategic change as a process of moving an organization away from its present state towards some desired future state to increase its competitive advantage. They state that most of the organizations have gone through some kind of strategic change as their management have tried to strengthen their existing core competencies and build ones for more effective competition. Strategic change aims at aligning structures, systems, processes and behavior to the new strategy.

Johnson and Scholes, (2002) observe that understanding the strategic position of an organization and considering the strategic choices open to it is of little value unless the

strategies managers wish to follow can be turned into organizational action. Ansoff and McDonnell (1990) observe that changes are becoming increasingly complex, novel and discontinuous from past experience. Equally the change challenges have increasingly become simultaneous; the need for revival of entrepreneurship for response to the increasing intensity of global entrepreneurship for response to the increasing intensity of global competition and for societal involvement in determining how firms are to be run is more critical now than before.

According to Burnes (2000), change management comes in all shapes, sizes and forms and for this reason it is difficult to establish an accurate picture of the degree of difficulties organizations face in managing change successfully. However there are three types of organizational change which because of their perceived importance have received considerable attention; the introduction of new technology in the 1980's; the adoption of total quality management (TQM) over the last fifteen years and the application of business process re-engineering (BPR) from the early 1990's.

### **2.3 Models of Strategic Change Management.**

Like many other concepts in the field of management, there are many approaches to strategy, though none is universally acceptable (Stacy, 2003). The key role for organizations and their management is to understand the approaches available to their circumstances and needs, and choose the most appropriate approach for the said circumstances. Rogers (1995) identifies a five stage process individuals go through as they adopt a change. The process includes gaining knowledge, persuasion, making a decision, implementation and confirmation. The process allows individuals to reduce uncertainty about change. He however points out that the process would be different and complicated for an organization. He viewed the organization as a system in which a decision occurs, and warned that if implementation is too rapid, it would often lead to disastrous results.

Rogers (1995) also noted that adopting a change changes the organization itself. He stated that the process of implementation should aim for dynamic equilibrium. This refers to change at a rate that allows the system to adjust. De Wit and Meyer (1999) claimed that a

logical loop must exist, linking strategy to the activities in an organization and constant feedback to inform strategic planning. The projects set up therefore must be considered in the context of the achievement of the strategic goals of the organization, not just a narrow focus.

The function of managers as organization leaders need to be understood in analyzing strategic management. Bass (1985) and Burns (1978) suggest that the concept of transformational change in organizations is usually identified with leadership. With a shared vision and a commitment to that vision, people will motivate themselves to learn, (Braham, 1995) which also helps identify the strategic objective to be accomplished by the organization. To maintain the balance of the socio-technical system, strategic leadership will influence employees' attitudes of behavior and motivation, and thereby the level of organizational performance and strategy effectiveness. (Beer, 1980; Mullins, 1996).

Mintzberg (1989) states that an understanding of the context of an organization and the forces it is experiencing can lead to a greatly improved change in management. Management of strategic changes has been regarded as a core process in strategy implementation, which is the 'how' aspect of translating strategy into action. Millet (1998) differentiated the perspectives on strategic change in three ways; the logic of strategy implementation, the life cycles of organizations and the core competencies involved in strategic change.

#### **2.4 Forces of change.**

Organizations encounter many different forces for change; these forces come from external sources outside the organization and from internal sources. It is not easy to change an organization, let alone an individual. This puts a lot of pressure on management to learn subtleties of change (Comstock, 2006).

Comstock, (2006) points out that these external forces of change originate outside the organization. Because these forces have global effects, they may cause organizations to question the essence of what business it is in and the process by which products and services are produced. There are four key external forces of change; Demographic characteristics, the organization needs to manage diversity effectively to receive maximum contribution and commitment from employees; Technological advancements, both service and manufacturing organizations are increasingly using technology as a means to improve productivity and market competitiveness. Market changes; companies are having to forge new partnerships with suppliers in order to deliver higher quality products at lower prices. Social and political pressures; these forces are created by social and political events. Although it is difficult for organizations to predict changes in political forces, many organizations hire lobbyists and consultants to help them detect and respond to social and political changes (Comstock, 2006).

Internal forces of change come from inside the organization (Comstock, 2006). These forces may be subtle, such as low morale, or can manifest in outward signs, such as low productivity and conflict. Internal forces can come from both managerial behavior or decisions and human resource problems. Kanter (1984) mentions phenomenal change in the environment as originating from such sources such as; the labour force, patterns of world trade, technological changes and political re-alignment.

Burnes (1996) says the magnitude, speed, unpredictability and impact of change has become greater than ever before. New products and processes are appearing in the market at an increasing rate. Boundaries are shrinking as globalization takes centre stage. The source of next competition may not even be within imagination. Burnes points out that protected markets are opening up while public bureaucracies and monopolies are changing hands to private sector or having the competitive market culture transferred to them.

## **2.5 Resistance to Change**

According to Johnson and Scholes (2004), knowing or envisaging change does not in itself mean that people will make it happen. There will be tendency towards inertia and resistance to change; people will tend to hold on to existing ways of doing things and existing beliefs about

what makes sense. On one hand, resistance is a phenomenon that affects the change process, delaying or slowing down its beginning, obstructing or hindering its implementation and increasing its costs (Ansoff, 1990). On the other hand, resistance is to say, resistance is equivalent to inertia, as the persistence to avoid change (Maurer, 1996; Rumelt, 1995; Zaltman & Duncan, 1977). So inertia and thus resistance are not negative concepts in general, since change is not inherently beneficial for organizations. Even more, resistance could show change managers certain aspects that are not properly considered in the change process (Waddell & Sohal, 1998).

Lawrence, (1954) and Wadell and Sohal, (1998) point out that resistance has been a reason for the failure of many change initiatives. Resistance to change introduces costs and delays into the change process that are difficult to anticipate but must be taken into consideration (Ansoff, 1990). Warren, Ruddle,k and Moore, K. (1999) point out that attitudes towards change result from a complex interplay of emotions and cognitive processes. This complexity results in different reactions to change by individuals. Positively, change is seen as akin to opportunity, rejuvenation, progress, innovation and growth. As well changes can also be seen as akin to instability, upheaval, unpredictability, threat and disorientation.

## **2.6 Dealing with Resistance to change.**

According to Jones et al (2004) four strategies can mitigate the emotional and cultural challenges of achieving strategic transformations in organizations. Bring employees face to face with external pressures to change; this energizes staff to participate in a change initiative if they understand how their work contributes to the organization's success; Engage change zealots, people who are drivers of change to serve as role models may be because of influence as a result of titles or position they hold; Manage employee feelings, help employees figure out how to thrive in the new environment and finally, support the change with new tools and systems. The top management team need to communicate the change process to the employees/ change agents and ensure the same is understood.

Comstock (2006), pointed out that before recommending specific approaches to overcome resistance, management should keep three key factors in mind, first, an organization must be

ready for change before it can be effective, second, organizational change is less successful when top management fails to keep employees informed about the change process and third employees' perceptions or interpretations of a change significantly affect resistance. Employees are less likely to resist when they perceive that the benefits of a change overshadow the personal costs. At minimum then, managers are advised to provide as much information as possible to employees about the rationale for the change, conduct meetings to address employees' questions regarding the change and provide employees the opportunity to discuss how the proposed change may affect them.

## **2.7. Evaluating change**

Evaluation is both a judgment on the worth or impact of a programme, procedure or individual and the process whereby the judgment is man made (Dressel, 1976). In the context of this study, evaluating the organizational growth at the local subsidiary is the process of analyzing the information that constitutes various instances in the growth development and diversification in the organization. There are mainly two forms of evaluation which are internal and external evaluation (Mbogo, 2003). Internal evaluation such as the one being undertaken in this study is normally done by staff members. Since internal evaluators are more conversant with the functions of the organization, they may be influenced by lack of objectivity and other conflicts of interest. Qualitative and quantitative evaluation of individual and organizational impact assessment should take place.

Impact evaluation assesses the changes in the well being of an organization that can be attributed to the change program (Mbogo, 2003). He states that this type of evaluation is an important component of the armory of evaluation tools and approaches. (Dressel, 1976) states that impact evaluation involves constructing a counterfactual, that is, what would the situation have been if the program had not taken place which involves the collection of baseline data for both an intervention group, as well as a second round of data collection after the intervention which does not have to be done immediately.

## **2.8 Strategic change management practices.**

Burnes (2000) describes organizational restructuring as a means of making critical decisions about how to deploy or redeploy talent. Organizations need insight into where to best utilize talents and find the best fit between existing employees and the jobs that await them. Organization restructuring strategies helps an organization to get the most from people when it significantly changes by developing a plan for corporate restructuring, layoffs and mergers. For organizations to develop, they often must undergo significant changes in their overall strategies, practices as well as operational tactics. As companies evolve through various life cycles, its leaders and employees must be able to successfully align with organizational changes so that they can evolve as well. Burnes (2000) states that organizations are dynamic systems, they do not function when their components do not work together smoothly and efficiently. Any change an organization introduces must be aligned with an ever changing, dynamic and culturally diverse work place. He maintains that understanding the relationship between organizations restructuring and its employees is the key to improving an organization's ability to move through change effectively.

Nadler (1984) states that at organizational level, a successful human resource development program will prepare the individual to undertake a higher level of work, he states that organized learning over a given period of time provides the possibility of performance change. Nadler maintains that in these settings, human resources development is the framework that focuses on the organization's competencies at the first stage, training and then developing the employee through education, to satisfy the organizations long-term needs and the individual's career goals and the employee value to their present and future employers. Kelly (2001) states that the people within an organization are its human resources development from a business perspective is not entirely focused on the individual's growth and development. He states that development occurs to enhance the organization's value and not solely for individual improvement, that individual education and development is a tool and a means to an end, not the end goal itself.

Lewin (1946) described change as a three stage process; the first stage which he called "unfreezing" involved overcoming inertia and dismantling the existing mindset. The second

stage which is where change occurs was described as a period of confusion and transition, in this stage, the organization presents a new alternative by introducing a clear and appealing option for a new pattern of behavior, the third and final stage is “freezing” which requires that changed behavior be reinforced both formally and informally in the organization. Rosch (2002) argues that Kurt Lewin’s three stage version is an oversimplification and that his theory was actually more complex and owed more to physics than behavioral science. The three stage approach is also adopted by Hughes (1991) who makes reference to exit; explained as departing from an existing state, transit; explained as crossing unknown territory and entry; which is attaining a new equilibrium. Kurt Lewin’s model can be presented in a tabular form as follows;

**Table 2.1: Kurt Lewin’s three stage change Model**

<b>Unfreezing</b>	This phase involves overcoming inertia and dismantling the existing "mind set". Defense mechanisms have to be bypassed.
<b>Changing</b>	In the second stage change occurs. This is typically a period of confusion and transition. One is aware that the old ways are being challenged but does not have a clear picture to replace them with yet.
<b>Freezing</b>	In the third stage the new mindset is crystallizing and one's comfort level is returning to previous levels. This is often misquoted as "refreezing"

Source: *Lewin, K. (1951), "Field Theory in Social Science", University of Chicago*

Kotter (1995) describes a helpful model for understanding and managing change. Each stage acknowledges a key principal identified by Kotter relating to people’s response and approach to change, in which people see, feel and the change. Kotter’s eight step change model can be summarized as; Increasing urgency which involves inspiring people to move, make objectives real and relevant; building the guiding team, this means getting the right people in place with the right emotional commitment and the right mix of skills and level; getting the vision right, that is , getting the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency; communicate for buy-in, this entails involving as many people as possible, communicating the essentials and t make appeal and



respond to people's needs; empower action by removing obstacles, enable constructive feedback and lots of support from leaders, through rewarding and recognizing progress and achievements; create short-term wins, through setting aims that are easy to achieve and finishing current stages before starting new ones; don't let up, that is, foster and encourage determination and persistence, encouraging ongoing progress reporting and highlighting achieved and future milestones; and finally making change stick by reinforcing the value of successful change through recruitment, promotion, new change leaders and then weave the change into culture.

Tannenbaum and Hanna (1985) suggest a change process where movement is from homeostasis and holding on, through dying and letting go to rebirth and moving on. Judson (1991) proposes a linear staged model of implementing change which includes; analyzing and planning the change, communicating the change, gaining acceptance of new behavior, changing from status quo to desired state and consolidating and institutionalizing the new status. Bullock and Batten (1985) summarize change process stages in four broad stages. These are; exploration phase which involves awareness of need for change and searching for solutions, planning phase involving understanding the problem, collecting information, setting change goals and designing action plans, action phase which involves arrangements for managing change and feedback process and finally integration phase involving consolidating and stabilizing change and reinforcing behaviors. Mintzberg (1973) found out that senior managers typically deal with unpredictable situations, so they strategize in ad hoc, flexible, dynamic and implicit ways. He says that the job breeds adoptive information-manipulators who prefer the live concrete situation and the manager works in an environment of stimulus-response and he develops in his work a clear preference for live action.

## **2.9 Challenges faced in the implementation of strategic change management.**

According to Arieu (2007) there is strategic consistency when the actions of an organization are consistent with the expectations of management and these in turn are with the market and the context. He points out that the challenge is to implement a change strategy which provides overall direction to the enterprise and is closely related to the field of the organization's mission, vision and objectives in the long run; as well as one that provides strategic alignment

between organization and its environment or strategic consistency. Lamb (1984) points out that strategic management should be an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors, and then reassesses each strategy annually or regularly to determine how it has implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial or political environment.

Kotter (1982) has pointed out that for any strategy to succeed there is need to understand the customer; why do they buy, is there a real need for product and conduct adequate marketing research. He also mentions inability to predict environmental reactions as a main challenge in implementing change, this includes issues like how will competitors react to your change strategy and also the possibility of government intervention. Kotter also mentions over-estimation of resource competence as a main challenge, the organization fails to take account questions like can the staff, equipment and processes handle the new strategy and also there is usually failure on the part of management to develop new employee and management skills to deal with the change at hand. Burnes (2004) points out failures on the part of management that pose a challenge to implementation of strategy, these include, failure to coordinate the reporting and control relationships, inflexibility of the organization structure; failure to obtain senior management commitment through involving them right from the start and also failure to obtain sufficient company resources to accomplish the tasks at hand. He also mentions failure to obtain employee commitment as another major challenge; this may be in the form of poor explanation of the new strategy to the employees and also absence of incentives to workers in an effort to have them embrace strategy. Mintzberg (1983) mentions the importance of proper estimation of time requirements and need to follow the plan as other main challenges in the implementation of a change strategy. He points out failure to manage change as itself a challenge to implementation; this involves the need to adequately understand the internal resistance to change and having a vision on the relationships between processes, technology and organization. He also mentions poor communications in the form of insufficient information sharing among stakeholders and exclusion of stakeholders and delegates as a major challenge to the implementation of change.

Pascale (1990) wrote that relentless change requires that businesses continuously reinvent themselves, he points out that what was a strength yesterday becomes the root of weakness today, we tend to depend on what worked well for us in the past, prevailing strategies become self confirming. In order to avoid this trap, businesses must stimulate a spirit of inquiry and healthy debate. They must encourage a creative process of self renewal based on constructive conflict. Kleiner (1996) claimed that to foster a corporate culture that embraces change, you must have to hire the right people. Peters and Austin (1985) have stressed the importance of nurturing champions and heroes. They said we have a tendency to dismiss new ideas, so to overcome this, we should support those few people in the organization that have the courage to put their career and reputation on the line for an unproven idea.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research methodology and techniques that were used in data collection and analysis.

### **3.2 Research Design**

This is a case study method chosen because it gave an in-depth understanding of the behavior pattern of parented firms or companies. The firm was chosen to document strategic change management in local subsidiaries of the multinational organizations in response to the reforms initiated by the corporate headquarters of the multinationals. Cooper and Schindler (2003) describe a study aimed at finding out who, what, where and how of a phenomenon as a descriptive study, which is indeed the concern of the proposed research.

### **3.3 Data collection.**

The researcher used both primary and secondary data. Cooper and Emory (1985) state that the greatest value of personal interviews lie in the department and detail of information that can be secured. An interview guide in the form of a questionnaire with both close and open ended questions was used to collect data and was administered to the Managing Director, Finance Manager, Logistics Manager and the Human Resource Manager. These are top managers who are intimately involved in the change efforts at the local subsidiary and who have incisive information on the management perspective of change. Personal interviews as advocated for by Parasulaman (1986) have the potential to yield the highest quality and quantity of data. Secondary data will be collected from various sources including financial statements and change program reports prepared during planning, implementation and evaluation stages.

### **3.4 Data Analysis**

Data was analyzed using conceptual content analysis. This type of analysis is suitable because it doesn't limit the respondents on answers and has potential for generating more information with more details. Analysis of primary data collected from interview and secondary data sources was guided by variables such as forces of change, approach to change management,

change content and achievements of the reforms. The content was analyzed and compared to determine the extent to which it collaborates or contradicts. Findings will then be summarized into a report, discussed and conclusions made.

## **CHAPTER 4: FINDINGS AND DISCUSSIONS**

### **4.1 Introduction**

This chapter discusses the findings of the study based on the analysis and interpretation of both primary and secondary data collected from various sources. The findings of the study focused mainly on, forces of change, practices and approach to change management, challenges of implementing change, content of change and overall achievements of the reforms.

### **4.2 Findings on Group 4 Security Services (K) Limited.**

Group 4 Security Services (K) Limited has its head office located in Nairobi with several branches across all major cities and upcoming towns in Kenya. Having been launched in Kenya in 1960's the G4S (K) Limited as it is today was formed in 2004 from a merger between Securicor plc and Group 4 Falck A/S's Security business. The company specializes in outsourced business processes where security and safety risks are considered a strategic threat, it also assesses current and future risks and develops secure solutions to minimize their impact, works across a wide range of geographic markets and business sectors and is a major provider of risk management and protection to governments and businesses not only in Kenya but also around the world. G4S (K) Ltd provides a wide range of solutions including; risk consultancy, secure facility outsourcing, manned security, landmine clearance, training services, design build and management of secure facilities, electronic monitoring to offenders and response services.

The company's vision is to be recognized as the leader in providing solutions in Kenya, its mission is to be the preferred supplier of security and logistics solutions experts in Kenya through delivery of world class outsourcing activities in cash management integrated security and distribution in market place. The values of the company are as follows; it focuses clearly on customers, integrity runs through out the company's operations and by employing and developing the best people in the industry, the company can use its security expertise to develop solutions to customer's needs. This enables the company to drive service and financial performance for the organization and its shareholders. In support of its vision, mission and values, G4S (K) hopes to become an organization which delivers real value to their customers

by providing security and logistics solutions, deploying a consulting approach to manage their total risk exposure as well as become the employer of choice within their chosen sectors through the consistent development of all employees, retaining staff by above sector average terms and conditions.

The company's top management comprises of a chief executive officer who is also the managing director, under him there is a human resources manager, finance manager, logistics manager and a company secretary, there is also a sales manager who works under the logistics manager. The same is represented in the organizational chart in table 1.2 below;

**Table 4.1: G4S (K) Top Management Organizational Structure**



*Source: Research Data*

### **4.3 Forces of Change**

For G4S (K) Ltd, globalization has been a major force for their change program, this has enabled easy movement of money and people across borders, the creation of multinational alliances and strategies hence the need for the company to align itself with the global trend. The revolution in information technology and the convergence of foreign cultures have combined to turn the world into a global village even small businesses now compete with and have access to products, labor and new marketing techniques from all over the world, for G4S (K) Ltd as a subsidiary represents an advantage to the parent company in terms of location as far as cost effective labor is concerned which is readily available as compared to other countries of operation.

Technological revolution drives change through out organizations and G4S (K) Ltd is not an exception, this has enabled the company to improve its business processes by replacing routine activities with information systems and robotics. Instant electronic transmission has made it possible to move data entry jobs to any location on the globe. Technology has also opened up employee participation in business decision making through the intranet systems which allow organizations to capture and share knowledge throughout the organization to exchange best practices and ideas company- wide and to reinforce culture. The company also appreciates the downside of technology especially where it results to loss of jobs but also does appreciate that it is an unavoidable change for survival of any business venture. Customer needs and or power has also been a major force for change for G4S (K) Ltd, in order to remain relevant and competitive in the market the company has had to align its strategies with the customer needs which have continued to change hence the need for continuous change.

For G4S (K) Ltd, competitive environment has also been a force for change in that the company has had to compete in a global economy and this has led to a definite change in the style of business. The company is in a market flooded with competitors from all over the world and this has compelled the company to strive to retain quality, lower prices and customer satisfaction among other things in order to have a sustainable competitive advantage. It was noted that most strategic change going on at G4S (K) Ltd has been as a result of external



forces though there has also undeniably been some internal forces which have arose as a matter of operational necessity.

#### **4.4 Change Management Practices at G4S (K) Ltd.**

The managers in charge of the change program at G4S (K) Ltd understood that change management entails thorough planning and sensitive implementation, above all, consultation with, and involvement of the people affected by the change. An effort is continuously made to ensure that change is not forced on people and that it is realistic, achievable and measurable. Before the change is communicated to the agents of change, the managers at G4S have a thorough understanding of what the change is and basically what needs to be achieved and within what time frame. It is notable that G4S (K) Ltd has had to restructure a lot in their change process; there have been cases of deploying and redeploying in an effort to get the change program up and running smoothly. This has included mass recruitments and merging of departments, at the same time there has been continuous communication with the employees in an effort to get positive feedback which has helped in identification of the weak and strong points and the necessary action to remedy the situation. In essence G4S (K) Ltd has involved and informed employees every step of the way and this has created opportunities for all to participate in the planning and implementing of the changes and this has lightened the burden and spread the organizational load and also created a sense of ownership and familiarity among all the people affected.

The company has also undertaken training sessions for its employees and organized workshops to develop collective understanding, approaches, policies, ideas and systems; it also encourages open participation and involvement in discussions. Apart from training for employees, G4S (K) Ltd has embarked on management training which is crucial to the change process, this training of managers helps to empower them to find their own solutions and responses in an effort to avoid imposed change which would make the process slow and may result to losing the best instead of achieving the desired outcome. The company has made deliberate efforts to at all times involve and accept support from people within the system which includes the environment, process, culture, relationships and behaviors, it has also made conscious efforts to understand where the organization is at and where it wants to be in future and the measures

need to be considered to get there and then plan towards getting there, the policy is to ensure that the managers get to effectively communicate, involve, enable and facilitate involvement from people as early, openly and fully as possible.

#### **4.5 Challenges faced by G4S (K) Ltd in the implementation of the change reforms.**

The ultimate goal for G4S (K) Ltd was to create changes that could be sustained over time; these changes would eventually be institutionalized to become everyday practices of the company. According to respondents, the challenges in this is majorly the commitment on the part of management to ensure that there is continuous quality improvement and ensuring that the program has the capability to respond to future changes in the needs of the client population and community. There was also the challenges faced in implementing communication faced by task managers and program manager which included among other issues lack of understanding by the employees, measuring impact for decision makers, making training of service providers and communicators more effective, getting effective cooperation from the change agents and turnover among individuals responsible.

As much as change is ongoing, the managers have had to work on a timeframe within which to incorporate some change practices into being everyday practices. Working within these timeframes became a challenge since at the same time there was need to individualize the change program in an effort to accommodate the specific needs, goals, cultures and readiness to change the organization. There was also the challenge of allocating enough resources to the change program in terms of finances and human resources making sure that none was in excess or fell short of achieving the set targets. Making training of service providers and communicators more effective, these trainings required that people take time and effort to avail themselves and in some instances the training was limited because content for the training was not based on good needs assessment of the required / relevant skills, methods used not sufficiently hands-on or activity based and lack of proper reinforcement of knowledge, attitudes and skills through monitoring and supportive supervision. Training must be task-based and this may have not been sufficiently done due to minimum resources allocated to the training.

#### 4.6 Achievement of the Change process

From the respondents, it was gathered that performance of both the subsidiary and the corporate has improved tremendously since the inception of the gradual changes. There has been growth both in revenue, profits and market share, the growth of profits, income and market share for the company has been brought about by diversifying services provided and cost effective ways of providing the same, embracing new technology as well as replacing expatriate work force with locals which strategy offers a cheaper but effecting way of running affairs and also ensuring that the workforce is well trained and motivated.

Below are tables showing the company's financial growth records for the last four to five years which indicates that there has clearly been a gradual growth which the company attributes to the strategic changes adopted by the company.

**Table 4.2 Financial Highlights**

	2008	2007	2006	2005
Organic turnover growth	9.5%	9.1%	7.1%	7.0%
Group turnover	up 22% to £5,942.9 million	up 14.5% to £4,490.4 million	up 8.4% to £4,356.6 million	up 8.2% to £4,130 million
PBITA	up 23% to £416.4 million	up 16.8% to £312.1 million	up 10% to £277.0 million	up 16% to £254 million
Margin	maintained at 7.0%	increased to 7.0%	increased to 6.4%	increased 0.5% to 6.2%
Cash flow generation	£353.2 million, 86% of PBITA	£276.4 million, 89% of PBITA	88% of PBITA	£198 million, 80% of PBITA
Adjusted earnings per share	increased 26% to 16.7p	increased by 10.7% to 13.4p	up 9% to 12.2p	11.1p

Dividend	Recommended final dividend:  up 29% to 3.68 pence per share (DKK 0.3052)	Recommended final dividend:  up 13.1% to 2.85 pence per share (DKK 0.279)	Recommended final dividend:  up 19% to 2.52 pence per share (DKK 0.277)	Recommended final dividend:  up 21% to 2.24 pence per share (DKK 0.2435)
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Source: Research data

**Table 4.3 Group Financial Record**

£m	2008	2007	2006	2005	2004
Revenue	5,942.9	4,490.4	4,036.8	4,045.7	3,093.6
Profit before interest, taxation, amortisation of acquisition-related intangible assets and exceptional items	416.4	312.1	274.4	255.0	165.5
Profit/(loss) after taxation	194.0	160.6	109.9	90.7	(65.4)
Profit/(loss) attributable to shareholders	151.2	147.2	96.5	80.8	(72.3)
Non-current assets	3,388.0	2,148.3	1,946.2	1,966.7	1,876.0
Net assets	1,470.7	1,123.0	971.5	969.9	909.9
Net debt	1,347.7	804.9	672.8	657.3	586.4
Net debt/equity (%)	92	72	69	68	64

Return on net assets (%) (profit/(loss) after taxation/net assets)	13	14	11	9	(7)
Adjusted earning per ordinary share (pence)	16.7p	13.4p	12.1p	11.2p	9.5p
Dividends for the year per ordinary share (pence)	6.43p	4.96p	4.21p	3.54p	1.85p
Average headcount (number)	561,875	507,480	440,128	395,771	306,313

*Source: research data*

## **CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter represents the summary, conclusions and recommendations drawn from the research carried out during the field study.

### **5.2 Summary**

The change process involved four phases; planning, communicating the reforms, implementation, monitoring and evaluation phase. The company's management has endeavored to bring out the best in every employee in an effort to smoothly implement the strategic changes introduced, encouraging them to be innovative, be ready to take risks and showing them that their efforts are not only for the good of the organization but also for their own self in personal capacities. The management also encourages team work, tolerance for optimal performance and a common good of the subsidiary which translates to the common benefit of the parent company as well.

### **5.3 Conclusions**

The changes are ongoing but the as prescribed in the organization in 2004 change program after the merger have been effected. The process is largely considered a success. The company has been rated as the best security service provider in East Africa and has increased growth in terms of revenue, profit and market share in percentage year on year. There has been a lot of teamwork, training sessions organized by the human resource department, frequent updates on performance, future plans and employees feel that they are part of the process hence pulling towards the same direction. The company is growing is growing in terms of market share, the parent company provides the global expertise while the subsidiary provides the local understanding making it a winning combination. This is undeniably an ideal winning combination and the future is bright fro the Group 4 Security Services (K) Limited and embracing change reforms for the better of the company remains a top priority for the company.

### **5.4 Recommendations**

Though the managing director is the biggest initiator of the change process, most of the authority and power should be vested in the human resource manager and his/her department as

it is the main coordinator of the manpower training of the employees in an effort to involve them in the change process. To enhance implementation phase, the managing director should have a more communication with the parent company in the United Kingdom.

The pricing strategy can be eased by localizing ownership of the company or even giving the subsidiary more autonomy so that they are able to freely determine pricing within the bounds of the local situations while putting in consideration to the competitive forces on the ground in terms of how local companies are winning or losing hence set right product pricing in view of the environment factors.

Morale of the security guards and other lower cadre employees in terms of payment need to be looked into to avoid shifting from one organization to another, this movement largely affects and increases costs of having to train new employees after every so often. The company should strive to hire the right people, train and keep them.

### **5.5 Suggestion for further research**

The change process at Group 4 security Services (K) Limited is ongoing. An evaluation of the change process can be conducted in future for comparability. The study was designed to cover Group 4 Security Services (K) Limited, a subsidiary of a security services provider company, there are however many subsidiaries of multinational company's in various industries like petroleum, IT and banking in Kenya. A cross sectional study involving local subsidiaries of multinationals across the industry sectors on their experiences on strategic change management would be both interesting and insightful.

### **5.6 Limitations of the study**

The study mainly depended largely on the interviews and discussions with respondents who were top management. It would be important to validate the findings with resources from interviews with employees to get their perspective.

It would have been valuable to obtain views of stakeholders such as customers, shareholders and creditors to get their perspective of the change.

The study looked mainly at the period from 2004 to date, changes are still being implemented and it would be important to validate/investigate if the results achieved so far are sustainable in future for the benefit and general operations of the company.



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Appendix 1:

## INTRODUCTION LETTER

Caroline Mutui  
P.O. Box 53389-00200  
Nairobi.

The Managing Director  
Group 4 Securities  
P.O. Box  
Nairobi.

Dear Sir,

### **RE: REQUEST FOR USE OF G4S (K) LIMITED INFORMATION.**

I am carrying out a Management Research Project as a requirement in partial fulfillment of the degree of Master of Business Administration, University of Nairobi. My area of study is process of the strategic change management.

To enable me do the research, I am requesting the use of your Company's information through interviews with yourself, finance manager, logistics manager and the human resource manager. Please note that any information used will be highly confidential and will be used for academic purposes only.

A copy of the research will be availed to you on request.

Your cooperation will be highly appreciated.

Yours faithfully,

Caroline Mutui.

Note:

The information obtained from this interview guide will be treated confidentially and will not be used for any other purpose other than academic.

**To be answered by the Managing Director**

1. What changes were introduced and in what time line?
2. Where the changes in line with your company Vision, mission and objectives? Please explain.
3. What necessitated the change?
4. What notable change management practices did you employ in the change process?
5. How were the employees informed of the change
6. Were the employees involved in the change and to what extend?
7. Did you use external consultants or internal staff to facilitate the change, please explain?
8. What role did the parent company play in the change process?
9. To what extend has the change affected the structures, systems, processes and company policy?
10. How did you ensure that change momentum was achieved and sustained?
11. How were the targets to be achieved set and were they achieved?
12. Has the change achieved the desired result and will the changes last?
13. What challenges did you encounter since the inception of the change?
14. Were the stakeholders involved, did they support the change?
15. What would you say were the main challenges that you encountered during the implementation of the change?
16. How have you responded to the challenges encountered during the change?
17. What are the future plans in terms of the desired change for the organization

**To be answered by Finance Manager.**

1. What changes were introduced in your department?

2. When were you informed of the intended change and how did you respond?
3. Has the change affected the performance of the organization's finance department?
4. What challenges have you faced as a department and how have you responded to them?
5. Has the change achieved any improvement and do you think the change is sustainable in future?
6. How would you evaluate the change?

**To be answered by Logistics Manager.**

1. What were the changes introduced in your department?
2. How has the change affected the strategies, processes and services organized by the change?
3. How has the performance of your department been affected by the change?
4. How do your operations relate to marketing and sales department in your organization?
5. What challenges have you faced since introducing the change and how have you responded to them?
6. What has the change effort achieved for your department, do you think the changes will last?
7. What is your evaluation of the change is it sustainable?

**To be answered by Human Resource Manager.**

1. What role did your department play in the identification, formulation and implementation of the change process?
2. How did you involve the employees in the change process?
3. How has the change process affected the structures, policies, culture and systems in the organization?
4. How did you ensure that the morale of the employees remained high during the change process?
5. What measures did you take to ensure that all employees were involved and embraced the change?
6. What challenges did you face and how did you respond to them?
7. How would you evaluate the change, do you think it is sustainable in future?