

**CHANGE MANAGEMENT AT KENYA ASSOCIATION OF  
MANUFACTURERS**

**BY**

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# DECLARATION

This Management Project is my original work and has not been presented for a degree in any other university.

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D61/P/7183/2004

Date : 20/11/2008

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

Signed  20/11/2008

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## **DEDICATION**

**To my Parents  
My Mum Serah Muthoni**

**and**

**My late Father Peter Kiambuthi**

**For their keenness in having their children pursue education to the  
best of their ability.**

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## ABBREVIATIONS

|               |  |
|---------------|--|
| <b>AKI</b>    | Association of Kenya Insurers                  |
| <b>BDP</b>    | Business Development Plan                      |
| <b>BMO</b>    | Business Membership Association                |
| <b>CIPE</b>   | Centre for International Private Enterprise    |
| <b>COMESA</b> | Common Markets for Eastern and Southern Africa |
| <b>DI</b>     | Confederation of Danish Industries             |
| <b>EAC</b>    | East Africa Customs Union                      |
| <b>EABC</b>   | East Africa Business Council                   |
| <b>FKE</b>    | Federation of Kenya Employers                  |
| <b>FPEAK</b>  | Fresh Produce Exporters Association of Kenya   |
| <b>KAM</b>    | Kenya Association of Manufacturers             |
| <b>KBA</b>    | Kenya Bankers Association                      |
| <b>KEPSA</b>  | Kenya Private Sector Alliance                  |
| <b>KFC</b>    | Kenya Flower Council                           |
| <b>KNCCI</b>  | Kenya National Chamber of Commerce & Industry  |
| <b>NBA</b>    | National Business Agenda                       |
| <b>UBA</b>    | United Business Association                    |

## ABSTRACT

Strategic change within an organisation has been described as the process of progression aimed at assisting it better respond to changes in the environment in order to make it more competitive. Change can be induced by a number of factors including responding to environmental changes, leadership, organisational structure, politics and culture. Organisations choose to manage change differently, some do that through a deliberate planning process while others react to the factors inducing changes as and when they occur. Some organisations choose to manage change incrementally while others do so in an abrupt manner.

Business Membership Associations are becoming an integral part of the economies all over the world in that they play a pivotal role in building a foundation for sustainable economic development. The Associations bring together the business community to push for common issues and to dialogue with the Government. They contribute in bringing about a better business environment. The Associations has evolved as the voice of businesses in the entire Globe and they have further improved on opening up the markets and breaking up of trade barriers. They have also been instrumental in establishing networks of business people in the different countries.

The case study sought to establish the approach used by the Kenya Association of Manufacturers, a leading business membership organisation in the country in managing change. It also tried to identify challenges to change management and how they were handled.

The researcher conducted interviews with members of the three boards, one committee member, ten members of staff starting with the Chief Executive, those in management and others in support and one staff from the regional offices. Those interviewed were involved in the change process including the development and implementation of the various business plans and making decisions that led to the change.

The research established that KAM used a planned and incremental approach to managing change. From the evidence available the process was mostly driven by the Board and senior management. Since the year 2000, the Association has developed and been implementing three business plans. It has also gone through other changes including bringing in a new chief Executive. The main contributing factor to the change process at the Association was identified as the leadership.

The major challenges to the change management at the Association has been noted as communication and involvement of all especially the staff and other organs in the Association. It was also noted that there was inadequate financial and human resources to implement the changes as planned.

The study has limitations in that those interviewed were those involved in running the Association namely the staff, board and committee members. It did not involve members of the Association, Government ministries and other BMOs who could have a different opinion on the change process. In addition, detailed information on how the Association operated before the year 2000 was not available yet such could have provided good comparisons on the operations then and after that.

It is suggested that further research be carried out on the Association on how effective the process of strategic planning and implementation has been. It is also recommended a research be done specifically on the how the leadership contributed to the Association's success.

The findings of the study can be used by other business membership organisations in the region as they manage change and seek to become relevant in the changing business environment. The study will also contribute to existing literature on strategic change management.

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# 1. INTRODUCTION

## 1.1 Background

### 1.1.1 Change Management

Strategic change is the movement of a company away from its present state towards some desired future state to increase its competitive advantage (Hill & Jones, 2000). According to Huczynski and Buchanan (2003), strategic change describes organisational redesign and refocusing that is major, radical, 'frame-breaking' or 'mould breaking' or 'paradigmatic' in its nature and implications. The term 'strategic' denotes scale, magnitude or depth.

Organisational change has been described as an episodic activity that starts at some point, proceeds through a series of steps, and culminates in some outcome that those involved hope is an improvement over the starting point. It has a beginning, middle and an end. If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating and if tomorrow was always exactly the same as today, organisational change would have little or no relevance to managers. But the real world is turbulent, requiring organisations and their members to undergo dynamic change if they are to perform at competitive levels (Robbins, 2003).

Perhaps the biggest challenge to managers today is the issue of how organisations can cope with both the dynamic environment in which they operate in given the constraints, challenges, and threats. At any point in time, some organisations are experiencing extreme turbulence whilst others operate in relatively stable environment. The period when certainties held good had been replaced with one where the pace and uncertainty of change varies from company to company, industry to industry, and country to country. Whether because of economic, technological, or social factors, organisations are faced with a period of rapid and unprecedented changes (Burnes, 2000).

Often, because of drastic unexpected changes in the environment, such as the emergence of aggressive new competitors or technological breakthroughs, strategic

managers need to develop a new strategy and structure to raise the level of their business's performance. One way of changing a company to allow it to operate more effectively is by re-engineering (Hill and Jones, 2000).

The situation is made more complex by the rapid globalisation. According to Kotter (1996) the challenges we now face are different. A globalised economy is creating both more hazards and more opportunities for everyone, forcing them to make dramatic improvements not only to compete and prosper but also to merely survive. Globalisation, in turn, is being driven by a broad and powerful set of forces associated with technological change, international economic integration, domestic market maturation within the more developed countries, and the collapse of worldwide communism.

Strategic responsiveness can be institutionalised within a firm through a series of related measures which jointly protect strategic work from the operational, make the strategic work more effective, and create a change supporting climate within the firm (Ansoff and McDonnell, 1990).

There is need therefore for an organisation to master the type of change occurring in its industry. Conner (2003) is of the view that learning patterns and principles that will allow us to manage change and increase our resilience is not just a luxury but a necessity. This urgency is based not only on the problems we must solve, but also on the positive visions we feel compelled to pursue. In both cases, we must recognise the cost of failing to absorb the magnitude of change coming our way, regardless of whether it is problems or opportunities that dictate the circumstances of changes.

Formal planning has been advocated as a way of anticipating change, discipline managers to look ahead, and to express goals and resource allocations. Long-term planning encourages longer time horizons, and eases the evaluation of short-term plans. Long-term plans create a psychological backdrop and an information framework about the future against which managers can calibrate short-term or interim decisions (Mintzberg, Quinn & Ghosal, 1999). According to Ansoff and McDonnell (1990), strategic planning is a logical, analytic process for choosing the

firm's future position vis-à-vis the environment. was invented by firms which sought to avert saturation of growth and technological obsolescence.

Various change management approaches have been proposed by scholars, Lewin (1951) who is a significant contributor developed the action research model that argues for a systematic collection of data and which then leads to selection of a change action based on what the analysed data indicates. Lewin also developed the three-step model, which proposes that successful change in organisations should follow the steps of freezing the status quo, movement to a new state and refreezing the new change to make it permanent. The status quo can be considered to be an equilibrium state (Robbins, 2003).

Mintzberg, Quinn & Ghosal (1999) came up with the logical incremental process which advocates for managing change incrementally in order to manage complex strategy shifts. Kotter (1996) on the other hand developed the eight-stage change process.

Speculand (2005) ranks ten challenges in implementing change. The first one is gaining support and action from people in the organisation. The difficulty lies more in gaining support from across the organisation, not just from the senior management. The second challenge is communicating the change. He noted that most communication was too much information and activity at the start, closely followed by a lack of consistent communication strategy over the term of the initiative or implementation. Thirdly, they observed that staff members resist change when they don't clearly understand why it's being adopted and what they are supposed to do. Staff resistance was more apparent in cases where the change wasn't communicated well.

Fourth is the support from management and fifth is the aligning work processes toward desired results. The sixth challenge is tracking success of implementation through identifying actions needed and following them through the whole implementation. Other challenges are changing rewards and reorganisation, acquiring customer feedback, implementing new technology and acquiring the required budget.

Resistance to change has been defined as a multifaceted phenomenon, which introduces unanticipated delays, costs, and instabilities into the process of a strategic change (Ansoff and McDonnell, 1990). It is the inability, or an unwillingness, to discuss or to accept organisational changes that are perceived in some way damaging or threatening to the individual (Huczynski and Buchanan, 2003).

### **1.1.2 Business Membership Associations in Kenya**

Business Membership Associations are becoming an integral part of the economies all over the world. According to the CIPE (2005), Chambers of commerce and other types of business associations play a pivotal role in building a foundation for sustainable economic development. That role stems from their ability to coalesce the business community around a set of common issues, identify key problems, develop solutions, advocate for change, and monitor implementation. Through such a process of private sector advocacy, chambers of commerce not only improve economic regulations, they also strengthen participatory democratic institutions. Highlighting this link between democratic and economic development is crucial in that it is impossible to build a functioning market economy in an environment where business is barred from participation in policy design and implementation.

In Kenya there are a number of BMOs within the various sectors. Such include the FKE, KAM, KNCCI, KBA, AKI, FPEAK and KFC. However, organisations are in different stages of evolution. DI (2002) sees them going through a four phase process. They initially emerge as clubs with few individuals or companies that come together. At the formative stages, their activities are undertaken by the officials within the board or committees. As the scope of activities expands and more members are recruited, the associations will set up a small secretariat to handle the daily operations. Later on, the secretariat is expanded with the recruitment of professional staff who manages most of the activities with some oversight from the board. At the final stage, the association is fully developed with a fully fledged secretariat with capacity to undertake all activities as required by the members. Over and above this, the association is a knowledge supplier on the sector it represents not only to its members but also to the government. It is considered to be an expert on every aspect of the sector. At this stage, the association is highly pro-active and is able to

set the agenda for discussions within the policy area. The board officials are then only required to provide a guiding role by mainly providing inputs on overall strategy and major policy issues at the national level.

Among major challenges facing business associations in the country include poor leadership mostly due to competing interests among the elected officials with some of them having overstayed in offices beyond the stipulated period. In the past, associations have been used for individual economic gains or as a springboard to political offices. In other cases, the associations suffer from secretariats that are ineffective due to having weak or non committed chief executives. A number of the associations on the other hand have suffered long wrangles due to interference from the state with changes at the board level occurring whenever there is a new government.

Subscriptions from members which is the major source of income for the associations. However, many of them are not able to sustain themselves on this alone. The main reason is that either the associations are unable to attract the adequate number of members or a majority of them are not paying their dues on time. A major challenge for the association is that they are required by their members to demonstrate tangible results out of their policy advocacy before they pay up. Such efforts are most of the time difficult to quantify. The outcome of this is that most business associations are either dependent on donors or the government while others are ineffective as they have inadequate capacity in terms of human and complementary resources to undertake the necessary programmes.

### **1.1.3 Kenya Association of Manufacturers**

KAM is a business association that advocates and lobbies for and represents the interests of Kenya manufacturers. It was formed in 1959. It is a non-political, non-partisan and non-profit making organisation dependent on the annual subscriptions of members and revenues from seminars and workshops.

According Kithinji (2001), since the introduction of liberalization in 1993, KAM members have operated in a difficult external environment characterized by an unfair

taxation regime between imported inputs and finished goods, unfriendly business licensing, deteriorating infrastructure and rampant corruption. The Association is however unique, being a membership organisation that has won the goodwill of the government and other collaborators who have an interest in development of Kenyan manufacturing. Prior to 1993, the association took steps to ensure its future existence by developing a number of strategic plans. However, those plans were not implemented probably because the survival of the association was not threatened then. During the period, the association had very specific roles related to foreign exchange authorisation for importation of industrial inputs. After that the association went through a difficult period with some members either withdrawing while others were not paying their dues.

Milner and Low (1997) noted that Associations are organized to accomplish definite goals for their members. To do this, they must be governed by established policies and must follow sound procedures. Policies are guiding principles that should be adopted by the board of directors. Procedures are working methods that can be adopted by the board but are ordinarily enacted and developed by the association's executive. Kithinji (2001) noted then that a key weakness within the Kenya Association of Manufacturers was the involvement of the Board and working committees in operational management, and lack of secretariat capacity to deal with strategic issues facing members. However, since then activities that were being largely done by board of directors have gradually shifted to the secretariat headed by the chief executive. Indeed, KAM Business Plan 2006-8 (2005) acknowledges that during the previous plan period, KAM invested a lot of resources and time in developing the secretariat and increasing its capacity to deliver. In addition, the Association developed structures for member's engagement and delivery of the agreed positions.

The association's key spokesman has also shifted from being the chairperson to the chief executive. But while the Chief Executive is the key contact, the Association also perused a proactive and a decentralised press contact. The KAM communication and public relations strategy (2003) stated that based on the many different topics that the Association is and will be engaged in, and the growing interrelation with the media, it will pursue a decentralised press contact strategy backed by a strong



internal co-ordination to ensure the media are continuously updated with information, with or without an event taking place.

The environment in which the association operates has also been changing, since 2003 the KEPSA has emerged and attempted to position itself as an umbrella body for the private sector in the country. While this has assisted in having a combined private sector voice in a number of issues, it has also posed in challenge in that the alliance some times seeks take up issues that are already being addressed by other associations. It has also in some instances attempted to gain mileage from work done by the Associations. Given that the government seems to be giving KEPSA an ear on some areas, it has in a way has emerged as competitor<sup>30</sup> the association.

During the period, the association has undergo changes in leadership, the chief executive from 1999 to 2004 was more reserved and not very media friendly as the one after that. The two have some sort of contrast in the way they work in that the earlier one was from the old school and more formal in the way he worked. The current chief executive is more informal and is more of a networking person.

The Association has over the period developed and implemented two strategic plans. In 2001, the association's board with the assistance of a consultant developed a strategic plan for period 2001 - 5. The plan articulated the vision and mission of KAM and proposed strategic directions to guide the organisation in realizing the vision and set goals. The plan focused more on improving the internal capacity and came up with clear definition of roles, responsibilities, expected results, authority levels and accountability for the various organs with the association (KAM Business Plan, 2001 -5, 2001).

To ensure its implementation, the board selected a steering committee of four board members to push the process forward. It also incorporated the senior managers. The committee worked with the external consultant in developing specific strategies, action plans and overseeing a staff audit exercise meant to determine their suitability to implement the plan. After six months, the responsibility of implementing the plan was handed over to the chief executive.

By the time the strategic plan period ended in 2005, it was noted that the association capacity to implement its programmes had dramatically improved. One major contributing factor was the support accorded by Danida through DI after the two organisations entered into a twinning agreement. This saw some deepening of areas identified under the strategic plan, including development of policy advocacy, communication and membership development strategies. This was done alongside training on various aspects that went with the strategies (KAM Business Plan 2006-8, 2005).

In October 2005, the board and staff prepared a strategic plan for 2006 -8. During the session, identification was done of various strengths and weaknesses of the as well as opportunities and possible threats the organisation might face during the plan period. The strategic plan for KAM in 2006–8 is intended to build on the groundwork of the 2001-5 plan period and continue the transformation of the association into an influential business association engaging in evidence based advocacy in support of industrialisation in Kenya and supporting its members realise and enjoy competitiveness in local and external markets (KAM Business Plan 2006-8, 2005).

## **1.2 Statement of the Problem**

There are a host of external factors that influence a firm's choice of direction and action and ultimately, its organisational structure and internal processes. These factors, which constitute the external environment, can be divided into three interrelated subcategories, that is factors in the remote environment, factors in the industry environment and factors in the operating environment (Pearce and Robinson, 1991).

It has been noted that organisations manage change directly. Balogun and Hailey (1999) identify a important contextual features that should be taken into account when designing change programmes. These include the scope, institutional memory, diversity of experience within an organisation, the capability of managing change and the readiness for change throughout the different levels in the organisation.

\* There are different approaches to managing change some are sudden, planned and incremental. Kazmi (2002) says that change is not linear and therefore cannot be worked on a mathematical formula basis with a set of variables that will yield a fixed answer for their combination. Aosa (1996) points out the necessity of carrying out change within the context of unique environmental challenges within Africa.

With more deregulation of the economy since the early 1990s, BMOs in Kenya have found themselves either gaining or losing relevance. Some of them have either collapsed or lost members while others have become more prominent. KAM is one of the associations in the country that has tried to implement changes over seven or so years in order to survive. At the moment, the association can be said to have repositioned itself as one of the most vocal and organised private sector business association in this country. But this is not the case with many of the other business associations in the country.

While there are numerous studies done on strategic change management in various organisations in the country including Kiini (2007), Gathua (2006), Nyalita (2006), Muturi(2006), Maingi(2005), Kasima (2004) and Nyamache (2003), none of these has specifically focussed on BMOs yet they have become an important part of the public-private dialogue that shape the economic policies of the county.

Based on criteria set by various writers and organisations, the KAM can be termed as a sort of a success case within the region. It has in a way meet most of the criteria fro such as set out. CIPE (2005) says that in order for business organisations to play their role effectively, they need to focus on a number of areas including building their internal capacity, they also need to become a source of information for their members, policymakers, and the rest of the society. The organisations need to have developed a communication strategy for various target audience and they need to have build coalition across regions and economic sectors. On the other hand, the Confederation of Danish Industries (2002) states that in a fully developed business organisation, the governing bodies have taken a guiding role and mainly provide input on overall strategy and major policy issues. At that level, the organization is highly pro-active and is often able to set the agenda for discussions within the policy

area. It should also be able to network organization that is used for knowledge sharing between members

Since the Association has gone through some changes which involved implementing of two strategic plans as well as other changes associated with growth and expansion of its activities. The study's seeks to identify the approach to change management within the association especially as regards to the period after the year 2000 and how this contributed to its success. The study also identifies challenges faced and how they were handled.

### **1.3 Objectives of the Study**

This study had three objectives. These are to determine:

- The approach followed by KAM in managing change
- Challenges to managing change at the Association
- How the challenges in managing change have been handled.

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

This study is aimed at contributing to knowledge of strategic change management within the private sector membership associations in the country and the region. It highlights challenges that face such organisations due to changes in the operating environment and as they seek to gain more prominence.

The study presents opportunities and best practices that the management at KAM as well as other similar organisations can utilise to manage change. The findings will contribute to the documented cases on strategic change management.

## 2: LITERATURE REVIEW

### 2.1 Change Management

If an organisation is to survive, it must respond to changes within its environment. When competitors introduce new products or services, government agencies enact new laws, important sources of supply go out of business, or similar environmental changes take place, the organisation needs to adapt. Efforts to stimulate innovation, empower employee, and introduce work teams are examples of planned-change activities directed at responding to changes in the environment (Robbins, 2003).

Kotter and Schlesinger (1979) state that today, more and more managers must deal with new government regulations, new products, growth, increased competition, technological developments, and a changing work force. In response, most companies find that they must undertake moderate organisational changes at least once a year and major changes every four or five years.

Hill and Jones (2000) see change as an orderly process, with the first step in the change process occurring when a company's strategic managers or others in a position to take action recognise that there is a gap between desired company performance and actual performance. However, Mintzberg, Quinn & Ghosal (1999) argue that strategy itself is really about continuity, not change, it is concerned with imposing stable patterns of behaviour on an organisation, whether this take the form of intentions in advance that become deliberate strategies, or actions after the fact that fall into the consistent patterns of emergent strategies. But to manage strategy is frequently to manage change – to recognise when a shift of a strategic nature is possible, desirable, necessary, and then to act.

Sirkin, Keenan and Jackson (2005) suggest that there are four factors that determine the outcome of any transformation initiative. These are duration of time until the change program is completed, the project team's performance integrity which is its ability to complete the initiative on time, the commitment to change that top management and employees affected by the change display and the effort over and above the usual work that the change initiative demands of employees.

## 2.2 Factors influencing change in organisations

Environmental changes will require that organisations effects changes. Ansoff and McDonnell (1990) state that a firm's strategic response to the environment will be more timely and effective if capability is developed in conjunction with the new strategy which it will support. Strategic responsiveness can be institutionalised within a firm through a series of related measures which jointly protect strategic work from the operational, make the strategic work more effective, and create a change supporting climate within the firm. However, Huczynski and Buchanan (2003) say that the source of change can come from both internal and external sources. It comes in form of a trigger of any disorganising pressure either arising outside or inside the organisation. This indicates that current arrangements, systems, procedures, rules and other aspects of organisation structure and process are no longer effective. External triggers for organisational change can include developments in technology, developments in new materials, change in customers' requirements and tastes, the activities and innovations of competitors, new legislation and government policies, changing domestic and global economic and trading conditions, shifts in local, national and international politics and changes in social and cultural values.

Leadership especially top management is a critical factors organisational change efforts. If the chief executive perceives the need for change, makes it a top priority, and gives it a great deal of time and attention, the organisation will change. When the chief executive or division head is leading the change, everyone quickly picks up on it and any ambiguity regarding what's taking place is quickly removed. The results are multiplied when this leadership role is being exercised by the entire management team. (Thompson, Strickland and Kramer, 1998). But Mintzberg, Quinn & Ghosal, (1999) are more precise in that rejuvenating a mature organisation is impossible without commitment from the top since initial moves are often made by a new chief executive. Building a top team dedicated to change provides continuity and reduces the risks that the process will falter if one person leaves. Johnson, Scholes & Whittington (2005) introduce the notion of outsiders. They say that whilst existing managers have important roles to play, 'outsiders' are important in the change

process. Outsiders may be a new chief executive. He or she changes the context for change by bringing in a fresh perspective to the organisation, not bound by the constraints of the past, or the everyday routines and ways of doing things that can prevent strategic change. The introduction or arrival of new management from outside the organisation can also increase the diversity of ideas, views and assumptions which can help break down cultural barriers to change and they may help increase the experience and capability for change. Consultants are also often used in change processes as they help to formulate the strategy or to plan the change process.

Organisational politics has also been noted as a tactic that strategic managers engage in order to effect change. Powerful organisational politics is used to obtain and use power to influence organisational goals and change strategy and structure to further their own interests. Top level managers constantly come into conflict over what the correct policy decisions should be, and power struggles and coalition building are a major part of strategic decision making. In this political view of decision making, obstacles to change are overcome and conflicts over goals are settled by compromise, bargaining, and negotiation between managers and coalitions of managers and by the outright use of power (Hill and Jones, 2000). Politics is power in action and it involves acquiring, developing and using power to achieve one's objectives. Since change always threatens the existing balance of power in an organisation, policies will always be used to maintain balance, (Thompson, Strickland and Kramer, 1998). Power and politics strongly influence a company's choice of strategy and structure, for a company to maintain an organisational context that is responsive both to the aspirations of the various divisions, functions, and managers and to changes in the external environment. The problem companies' face is that the internal structure of power always lags behind changes in the environment because, in general, the environment changes faster than companies can respond (Hill and Jones, 2000).

Another factor influencing change is organisation's structure. Huczynski and Buchanan (2003), state that organisational change is a strategic imperative. This simply means that major or radical shifts in organisational design reflect changes happening in the wider social, economic, political and technological environment.

Organisations must be able to respond rapidly to external changes if they are to survive, and that the necessary internal restructuring is likely to be strategic or 'mould breaking'. The mould that needs to be broken is the rigid, autocratic, bureaucratic approach to organisation and management. The new organisational framework required appears to be one that emphasizes flexibility, creativity and participation. Flexibility within organisation has further been emphasised as essential in dealing with many uncertainties in the environment. Mintzberg, Quinn & Ghosal (1999) observe that successful organisations actively create flexibility. This requires active horizon scanning, creating resource buffers, developing and positioning champions, and shortening decision lines. Companies need to be innovative to ensure their existence. Kanter (2006) states that established companies can afford falling into the classic traps that stifle innovation by widening the search for new ideas, loosening overly tight controls and rigid structures, forging better connections between innovators and mainstream operations, and cultivating communication and collaboration skills. Innovations involve ideas that create the future. But the quest for innovations is doomed unless the managers who seek it take time to learn from the past. Getting the balance right between the highest returns from current activities and exploring requires organisational flexibility and a great deal of attention to relationships. Hill and Jones (2000) note that strategic managers also turn to restructuring as a means of implementing strategic change aimed at improving performance. They further note that when organisations rely on innovation as the source of their competitive advantage, they need to adopt flexible structures such as matrix or cross-functional team structures, which give people the freedom to experiment and be creative

Of all factors that influence change in organisations, culture has been very elaborately debated. Thompson, Strickland and Kramer (1998) say that responding to change remains highly elusive because there is a natural resistance to change at all levels within the organisation, including the top. The chief executive and the other members of the executive suite need to take a hard look at their existing organisational culture, ask tough questions about its appropriateness for current competitive environment, and take concrete, implemental steps to forge a preferred culture and drive it downwards throughout the organisation. Conner (2003) notes that organisations cultural traits must be consistent with what is necessary for driving



new decisions. If the culture and change have little in common, chances of successfully achieving change are slim. Whenever a discrepancy exists between the current culture and the objectives of the change, the culture always wins. The effective management of corporate culture is an essential contributor to the implementation process. If an organisation's cultural environment is not managed well, people will feel that changes are coming at a greater volume, momentum and complexity that they can adequately assimilate. These feelings hinder the process of absorbing change for many organisations. A key element to enhancing resilience and minimising the chance of dysfunctional behaviour is to actively manage the organisational culture.

Thompson, Strickland and Kramer (1998) stated that rather than changing culture directly, management must work with and through the existing culture to transform the organisation. They say that being able to measure culture, however, does not mean we can change it quickly as a prelude to transforming and improving the organisation. We cannot change organisations by focusing directly and immediately on culture because culture is too broad and resistant. However, Kotter (1996) notes that culture comes last, not first, most alterations in norms and shared values come at the end of the transformation process. This is dependent on results since new approaches usually sink into a culture only after it's very clear that they work and are superior to old methods. Johnson, Scholes and Whittington (2005) advocate for the use of symbols. These are objects, events, acts or people which express more than their intrinsic content. Changing symbols can help reshape beliefs and expectations because meaning becomes apparent in the day-to-day experiences people have of organisations. This is one reason why changes in routines are important. Routines are the organisationally specific ways we do things which tend to persist over time and guide people's behaviour. Well established routines can also be serious blockages to change. They can become 'core rigidities'. Managers can make the mistake of assuming that because they have identified a strategy that requires operational changes in work practices and explained what such changes are, the changes will necessarily take place. They may find that the reasons why such changes are delayed or do not occur have to do with persistent influence of longstanding organisational routines.

## 2.3 Process of Change in Organisations

The process has been likened to individuals. Conner (2003) states that organisations like individuals have a speed of change at which they operate best. This speed reflects the degree to which the organisation can absorb major change while minimising dysfunctional behaviour. Also, an organisation's speed of change is variable and can fluctuate dramatically based on specific circumstances. But at any point in time, an organisation's capacity to effectively assimilate transition it encounters is limited by its level of resilience or speed of change. To increase an organisation's speed of change one needs to look at change differently. He continues to argue that the two major pre-requisite for change are pain and remedy. Pain management provides motivation to pull away from the present while remedy selling provides the motivation to proceed to the desired state.

Whenever a strategic change requires significant discontinuities in the culture and/or power structure of the firm, time, costs, and dysfunctions will be saved if management takes the process gradually. A desirable first step, which is preliminary to strategy planning and implementation, is to prepare the ground through a series of measures aimed at minimizing the start up resistance, marshalling a power base sufficient to give the change momentum and continuity, preparing a detailed plan for the change process which assigns responsibilities, resources, steps and interactions through which the change will be carried out and designing into the plan behavioral features which optimize the acceptance and support for the new strategies and capabilities (Ansoff and McDonnell, 1990).

The magnitude of change also matters, Huczynski and Buchanan, (2003) noted that one way of distinguishing different types of change is to consider how deeply the change penetrates the organisation. What one finds in most organisations is a number of change initiatives being progressed simultaneously, at different levels. This classification does not lead to an argument that "all change must be deep change". Deep change is appropriate when dealing with 'deep problems' while 'fine tuning' is a more appropriate response to minor problems. Conner, (2003) suggests that the cost effectiveness of the change needs to be evaluated. He says that major organisational change is too disruptive, time consuming and expensive to approach

lightly. Managers must justify the risk and resources of attempting significant change only if they feel that their part of the organisation will slip competitively or miss critical opportunities unless the change goals are achieved. Engaging minor changes has no such restrictions, but a manager should not undertake major change unless the organisation cannot afford to fail at the implementation.

Johnson, Scholes and Whittington (2005) observe that different styles are likely to be more or less appropriate according to the organisational context. These include education and communication, which involves the explanation of the reasons for and means of strategic change. Collaboration or participation in the change process, for those who will be affected by strategic change in the change agenda. Intervention where there is coordination of and authority over processes of change by a change agent who delegates elements of the change process. Direction where a manager uses personal managerial authority to establish a clear future strategy and how change will occur as well as coercion by imposition of change or the issuing of edicts about change. Different stages in a change process may require different styles of managing change. Clear direction may be vital to motivate a desire or create a readiness to change, whilst participation or intervention may be more helpful in gaining wider commitment across the organisation, and developing capabilities to identify blockages to change and plan and implement specific action programmes.

## **2.4 Change Management Models**

A number of renowned practitioners have contributed models on change management models. The action research model advocates for a systematic collection of data and then selection of a change action based on what the analysed data indicates. It aims at providing a scientific methodology for managing planned change. The process of action research consists of five steps which are diagnosis, analysis, feedback, action and evaluation (Lewin, 1951).

The same approach seems to be supported by Dawson (1996), through the process/contextual perspective. It states that to understand the process of change, we need to consider the past, present and future context in which the organisation functions, including external and internal factors. The substance of the change itself

and its significance and timescale including the transition process, tasks, activities, decisions, timing, sequencing, political activity, both within and external to the organisation and the interactions between these factors. Dawson identifies five specific aspects of the internal context which are human resources, administrative structures, technology, product or service, and the organisation's history and culture. He also identifies four key features of the substance of change which are the scale, its 'defining characteristics', its perceived centrality, and the timeframe of change initiatives. The substance of change influences the scale of disruption to existing structures and jobs. The transition process may be slow and incremental, or rapid. In addition, managers can draw upon evidence from the context and substance of change to marshal support and to legitimate their own proposals through organisational political action. It's therefore the interaction between context, substance and political forces which shape the process of organisational change.

Lewin (1951) also developed the three – step model, which states that successful change in organisations should follow the steps of freezing the status quo, movement to a new state and refreezing the new change to make it permanent. The status quo can be considered to be an equilibrium state. To move from this equilibrium, there is need to overcome the pressures of both individual resistance and group conformity – unfreezing is necessary. It can be achieved in one of three ways where the driving forces, which direct behaviour away from the status quo can be increased, the restraining forces, which hinder movement from existing equilibrium can be decreased or a combination of first two approaches (Robbins, 2003). However, Huczynski and Buchanan (2003) state that refreezing no longer seems to be an option given constant transformation which is now the norm. Permanent thaw is perhaps a more appropriate metaphor. Many organisations now face a 'high velocity' environment. They continue to say that turbulent and rapidly changing external conditions are translated into a complex, multi-faceted, fluid and interlinked streams of initiatives affecting work and organisation design, resource allocation, and system procedures in continuous attempts to improve performance. The environment for most organisations is likely to remain volatile, or become even more turbulent. Current trends do not lead to predictions of continuity and stability in the near future.

Longer and more elaborate steps have also been developed. Kotter (1996) came up with the eight-stage change process whose initial step is establishing a sense of urgency crucial in gaining needed cooperation. This is because when urgency low, it's difficult to put together a group with enough power and credibility to guide the effort or to convince key individuals to spend the time necessary to create and communicate a change vision. The second step is creating the guiding coalition since a strong guiding coalition is always needed. The coalition must have the right composition, level of trust and shared objective. Building such a team is always an essential part of the early stages of any effort to restructure, reengineer, or retool a set of strategies. Four key characteristics seem to be essential to effective guiding coalitions these are position power, expertise, credibility and leadership. The third step is developing a vision and strategy. Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future. In a change process, a good vision serves in clarifying the general direction for change, it motivates people to take action in the right direction and it helps coordinate the actions of different people. A strategy provides both logic and a first level of detail to show how a vision can be accomplished.

The fourth step is communicating the change vision since the real power of a vision is unleashed only when most of those involved in an enterprise or activity have a common understanding of its goals and direction. That shared sense of a desirable future can help motivate and co-ordinate the kind of actions that create transformations. The fifth step is empowering broad-based action to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible at this point in the process. The biggest obstacles that often need to be attacked are structures, skills, systems and supervisors.

Generating short terms wins is the sixth step, this is necessary as major change usually take a lot of time. There is need to have convincing evidence that all the effort is paying off especially to non believers who require even higher standards of proof. They want to see clear data indicating that the changes are working and that the change process isn't absorbing so many resources in the short term as to endanger the organisation. Running a transformation effort without serious attention

to short-term wins is extremely risky. Seventh step is consolidating gains and producing more change since the first major performance improvement will probably come well before the halfway point, the guiding coalition should use the credibility afforded by the short term win to push forward faster, tackling even more or bigger projects. The final step is anchoring new approaches in the culture since according to Kotter, culture changes only after successfully altering people's actions, after the new behaviour produces some group benefit for a period of time, and after people see the connection between the new actions and the performance improvement.

Closely related to this is logical incremental process developed by Mintzberg, Quinn & Ghosal (1999) which advocates for managing change incrementally in order to manage complex strategy shifts. It involves a number of steps starting with being ahead of the formal information system by using multiple internal and external sources to assist managers 'sense' the need for change before the formal systems do. The second step is to build organisational awareness which is essential when key players lack information or psychological stimulations to change. The third step is building credibility or changing symbols which help managers signal to the organisation that certain types of changes are coming, even when specific solutions are not yet in hand. The fourth step is legitimizing new viewpoints while the fifth step is the technical shifts and partial solutions. These are typical steps in developing a new strategic posture, especially when early problem resolutions need to be partial, tentative or experimental. The sixth step involves broadening of political support which is done through committees, taskforces or retreats. The seventh step is to overcome opposition to change done by persuasion, co-option, neutralisation or moving through zones indifference, which can be done by pushing portions of the project that are non controversial. The eighth step is consciously creating structured flexibility by active horizon scanning, creating resources buffers, developing and positioning champions. The ninth step incorporates trial balloons and systematic waiting to attract options and concrete proposals which assist the executive to mobilize organisation's creative abilities without making a commitment to any specific solution. The tenth step is creating pockets of commitment in which executives try to get organisations to adopt entirely new strategic directions. Small projects, deep within the organisation, are used to test options, create skills or build commitments for several possible options. The eleventh step is crystallizing the

focus whereby once executives develop information or consensus on desirable ways to proceed, they may use their prestige or power to push or crystallize a particular formation. The final step formalizes commitment whereby the decision is announced publicly, programmes and budget are formed, and control and reward systems are aligned to reflect intended strategic emphases.

## **2.5 Resistance to Change**

Contributors have documented various reasons why people within organisations resist change. Ansoff and Mc Donnell (1990) note that resistance means a multifaceted phenomenon, which introduces unanticipated delays, costs, and instabilities into the process of a strategic change. During the change process there may be procrastination and delays in triggering the process of change, unforeseen implementation delays and inefficiencies which slow down the change and make it cost more than originally anticipated or efforts within the organisation to sabotage the change or to 'absorb' it in welter of other priorities. Resistance may also come after the change has been installed through performance lag where the change is slow in producing the anticipated results or there are efforts within the organisation to roll back the effects of the change to the pre-change status.

Conner (2003) states that people only change when they have the capacity to do so, ability means having the necessary skills and knowing how to use them. Willingness is the motivation to apply those skills to a particular situation. If a person lacks the ability and willingness, it is unlikely that they will successfully adapt change. He also notes that one of the principal reasons companies fail is their inability to change themselves and adapt to a new competitive environment because of organisational inertia.

Johnson, Scholes & Whittington (2005) identified a number of unintended outcomes of change programmes which include ritualisation of change and initiative overload where change programme come to be seen by people in the organisation as a ritual signifying very little. There is also a danger of well-meaning change being hijacked by others for different purposes for instance, in most organisations change results in downsizing though that may not be the compelling reason for initiating change. We

also have situations where the change programme becomes gradually eroded by other events taking place within the organisation. Change can also be reinterpreted according to old culture of the organisation. They also refer to "Ivory tower change", where proponents of change in senior management are not seen by others to understand the realities on the ground. Change agents may also fail to link big messages about change to the day to day and symbolic aspects of the organisation. Uncontrolled and uncoordinated efforts where practices are introduced in an organisation are out of line with the intentions of the change as understood by the people in the organisation who may experience inconsistency.

People resist change for various reasons including fear of the unknown, need for security, lack of desire for change, security feels threatened, poor timing and lack of resources. Most people in an organisation either actively support an implementation or passively "go with the flow time" once they understand its impact. Only a small minority will continually resist it. Organisations often fail to implement their strategies successfully because they tend to focus on the people who resist implementation rather focus than on the people who support it (Speculand, 2005).

## **2.6 Sources of Resistance to Change**

Resistance of change has been linked to human behaviour. Perception versus reality has been cited by Ansoff and McDonnell, (1990) in that under normal conditions, it is trivial to say that people react to what they perceive. But during resistance-including changes, the gap between perception and reality can substantially and unnecessarily increase the level of resistance. Kotter and Schlesinger, (1979) say that to predict what form their resistance might take, managers need to be aware of the four most common reasons people resist change. These include a desire not to lose something of value, a misunderstanding of the change and its implications, a belief that the change does not make sense for the organisation, and a low tolerance for change.

Robbins (2003) state that resistance can be grouped into both individual and organisation resistance. Individual resistance to changes reside in basic human characteristics such as perceptions, personalities and needs. The main reasons why an individual may resist change include habit, security, economic factors, fear of the



unknown and selective information processing. Organisational resistance emanates from the fact that organisations are in their very nature conservative. Major sources of resistance in organisations include structural inertia since organisations have built in mechanisms to produce stability, limited focus of change, group inertia, threat to expertise especially to the specialised groups in an organisation, threat to established power relationships and threat to established resource allocations.

Ansoff and Mc Donnell (1990) say that resistance can either be by individuals or groups. Resistance by individuals can be traced to the fact that they will resist change when it makes them insecure. Individuals will also resist change when their position of power is threatened. Group resistance are traceable to the views and convictions of individuals. Further group of managers who share common tasks and preoccupation develop, over a period of time, commonalities of behaviour and outlook. They develop an allegiance to the common culture and they will jointly defend it against encroachment of influence of other cultures.

Hill and Jones (2000), state that obstacles to change can be found at all the four levels in the organisation. Corporate obstacles in that changing strategy or structure, even in seemingly trivial ways, may significantly affect a company's behaviour. The type of structure a company uses can be another impediment to change. Divisional obstacles are highly interrelated and they trade resources, because a shift in one division's operations affects other divisions. Functional obstacles occur since different functions have different strategic orientations and goals and react differently to the changes that management proposes. Individual obstacles occur at the individual level since people are notoriously resistant to change because as it implies uncertainty, which breeds insecurity and fear of the unknown.

Four common causes of resistance to organisational change have been identified as parochial self interest, misunderstanding and lack of trust, contradictory and low tolerance for change. It has been noted that some people have a low tolerance for ambiguity and uncertainty. The anxiety and apprehension that they suffer may lead them to oppose even potentially beneficial changes (Huczynski and Buchanan, 2003).

## 2.7 Overcoming Resistance to Change

- Suggestions have been documented on how to overcome resistance to change. Kotter and Schlesinger (1979) identify methods for overcoming resistance as education and commitment, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-option and implicit and explicit coercion.
- To manage change well, one must use sober selling as the approach. In the early stages of a project when enthusiasm is high, targets must intentionally be told the true costs of the change. Most change failures trace back to lack of commitment, unless key participants in a transition are committed to both attaining the goals of change and paying the price those goals entails, the project will ultimately fail. Commitment occurs through four stages of installation, adoption, institutionalisation and internalisation (Conner, 2003).

Organisational loyalty has been cited as a vehicle of overcoming resistance. During changes aimed at improving organisational performance, cultural/political resistance will be moderated, and may change to positive support in proportion to the degree of improvement in performance promised by change and the level of positive loyalty within the organisation (Ansoff and McDonnell, 1990).

Johnson, Scholes and Whittington (2005) say that in order to effect change, powerful support is required from an individual or group combining both power and interest. This may be the chief executive, a powerful member of the board or an influential outsider. They also advocate for withdrawal of resources as way of overcoming resistance to change.

- Creating a learning organisation has been suggested as a way of overcoming resistance. Robbins (2003) defines a learning organisation as one that has developed the continuous capacity to adapt and change. Just like the way individual learn, so do organisations.

Ansoff and Mc Donnell (1990) advise on the use of a resistance map that eliminates misperceptions and exaggeration by making clear throughout the firm the need/opportunity and the beneficial consequence of the change to the firm's performance. Groups or individuals which are expected to resist will need special attention, but the entire organisation should also be informed. Elimination or reduction of fears and anxieties is made clear to groups/individuals on the positive/negative impact of the change on them.

## **3: RESEARCH METHODOLOGY**

### **3.1 Research Design**

This study required an in-depth understanding of change management at Kenya Association of Manufacturers. Due to this, the data collected was more of a qualitative than quantitative nature. In view of this, case study research design was found to be more appropriate. Young (1960) identified a case study as a very powerful form of qualitative analysis that involves a careful and complete observation of social units. He defined it as an examination of a specific phenomena such as a program, an event, a person, a process, an institution or a social group. Cooper and Schindler (2003) note that case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations.

The advantage of using case study was that it provided a more focussed and in-depth understanding of phenomena and enabled an intensive study of social units. Such would have been overlooked if other forms of research design are used.

### **3.2 Data collection**

Both primary and secondary data was utilised during the study. Primary data was collected through personal interviews. Personal interviews were preferred as they allowed the researcher to utilise the probing technique assisting in collection of a vast and rich amount of data including the respondent's feelings, attitude and facial expressions. It provided some flexibility in data collection. The interviews were conducted with the help of an interview guide.

### **3.3 Data analysis**

Given that both the primary and secondary data are qualitative, conceptual content analysis method was used in analysing the data. According to Cooper and Schindler (2003), this analysis provides the researcher with a qualitative picture of the respondent's concerns, ideas, attitudes, and feelings. It measures the semantic content of the "what" aspect of a message. Content analysis has been described as "

a research technique for the objective, systematic, and qualitative description of the manifest content of a communication" to clarify this further recent interpretations have broadened the definition to include latent as well as manifest content, the symbolic meaning of messages and qualitative analysis. The conceptual content analysis method has been used in similar studies including those by Nyamache (2003), Nyalita (2006) and Muturi (2006).

## 4: FINDINGS AND DISCUSSION

### 4.1 Aspects and Extent of Change

All the respondents concurred that there has been a major change within the association especially after the year 2000. Out of that, the Association was said to be now more recognised by the Government and well respected nationally and in the region.

One of the most noticeable aspects of the change has been the development of the secretariat to be more professional and dynamic. It was noted that the secretariat has taken up its proper responsibility and was now driving the process as opposed to earlier on when the process was being managed by the board and committees members.

The Association was found to be reacting to changes in the operating environment and through that it has been able to engage successive Government regimes within the period. There was also overwhelming demand by members for the Association to change the way it operated in that they needed a vocal body in terms of policy advocacy but also which was available to them in times of need.

In addition, it was felt that it had taken its rightful space in the private sector advocacy in the country. It was noted that it's been able to develop coalition and networks with other BMOs in the country, the region and around the world in order to address issues that required a common approach. In addition, the Association has lately being instrumental in the development of an NBA that was done jointly with other BMOs and presented to the Government through a forum called the Prime Minister's Roundtable.

## **4.2 Approach in Managing Change**

The research demonstrates that the approach used by the Association in managing change from the period around year 2000 was mostly planned and incremental. The key milestones during the period are described below.

### **4.2.1 Business Development plan (BDP 2001 – 5)**

The changes started with the development of the strategic plan, known as BDP 2001 – 5. The plan was prepared in a participatory manner during the months of May and June 2001. Inputs were obtained during one-to-one interviews with the Board, Chief Executive and Executive Officers. In addition, three workshops were held for the Board and Working Committee members. The plan borrows from the findings of the members' needs assessment, conducted in March 2001. After finalizing the business plan, the consultant made a presentation to the Board. The decision was to form a steering committee to push the process forward.

The members needs assessment exercise conducted in March 2001 had recommended that KAM should concentrate on its core strengths of lobbying and advocacy. New service offers were only to be provided on a cost recovery basis. KAM had been asked to market itself more effectively among Kenyan manufacturers through organising a continuous membership recruitment drive to improve its financial position for increased service provision and long-term sustainability.

The BDP 2001-5 defined the key strategic priorities, which the Association needed to address, they included providing leadership in the development of a competitive industrial sector in Kenya while pursue strategic lobbying and advocacy on issues relevant to members' operations. Other priorities were to provide improved membership services, focus on membership recruitment and retention, strengthen public relations and to establish an organizational structure with clearly defined roles for the board, working committees, chapters and secretariat. There was also a need to strengthen linkages with development partners.

To achieve this, the result areas for the period were defined to be a clear definition of roles, responsibilities, expected results, authority levels and accountability for board, working committees, various categories of membership and secretariat. Desired outputs also included an effective secretariat staffed with the right kind of personnel, effective human resource management policies, systems and practices in place. There was also an intention to have improved mechanisms for membership categorization and services offered with a 20% annual increase in membership and 100% membership retention that was to come with improved membership services and improvement on the use of information and communication technologies. This was to go hand in hand with a strengthened financial base, improved internal and external communication and strengthened and more focused networking.

The Change that occurred in the Association from 2001 to 2005 were summarised in assessing the results from the strategic pillars as detailed in Table 4-1.

**Table 4-1: Assessment of results within the BDP 2001-2005 strategic pillars**

| Strategic Pillar                                       | Result   |
|--|--|
| Defined Structures and Roles for Board and Secretariat | <ul style="list-style-type: none"> <li>■ Defined and reached understanding of Board roles and secretariat</li> <li>■ 6 working committees established</li> <li>■ 13 sectors established and most functioning</li> <li>■ Defined job descriptions for board committees, key functions in secretariat and chapters</li> <li>■ New structures working better and secretariat energized</li> </ul>   |
| Effective Secretariat                                  | <ul style="list-style-type: none"> <li>■ Core KAM staff are 19: <ul style="list-style-type: none"> <li>■ 10 EOs at the centre + 2 chapter executives</li> <li>■ Sector Staff 5 (up from 0)</li> <li>■ Project staff – 6 (up from 3 in 2001)</li> <li>■ Support staff 7 (up from 4 in 2001)</li> </ul> </li> <li>■ Improved infrastructure <ul style="list-style-type: none"> <li>■ Computer networking</li> <li>■ Internet access via 32kb leased line. Moving to VSAT,</li> <li>■ Expanded office space</li> <li>■ Access to Telephones</li> <li>■ Presentation Equipments</li> </ul> </li> <li>■ Internal organisation <ul style="list-style-type: none"> <li>■ ISO Certification</li> <li>■ Standards Development</li> <li>■ Procedures manual prepared</li> <li>■ Staff trained in areas of work e.g. policy advocacy, communication, membership engagement etc through collaboration with DI</li> </ul> </li> <li>■ Strategies developed for <ul style="list-style-type: none"> <li>■ Advocacy</li> </ul> </li> </ul> |



| Strategic Pillar                                     | Result  |
|--|---|
|  | <ul style="list-style-type: none"> <li>■ Membership</li> <li>■ Business Services</li> <li>■ Communication</li> </ul>  |
| Functional chapters                                  | <ul style="list-style-type: none"> <li>■ Now have 5 recognised chapters Mombassa, Nyanza/Western, Nakuru, Eldoret and Athi River</li> <li>■ Assigned EO at secretariat per chapter</li> <li>■ At various stages of professionalisation and institutionalization.</li> <li>■ Kshs 50,000 subvention to chapters to facilitate communications</li> <li>■ Mombassa and Kisumu pilot for establishment of chapter offices manned by Chapter Executive Officers</li> </ul>   |
| Membership Categorization and Services               | <ul style="list-style-type: none"> <li>■ Categorized members by turnover for subscription purposes</li> <li>■ Recently identified the SME members for targeted services</li> </ul>  |
| Increase in absolute number and retention of members | <ul style="list-style-type: none"> <li>■ Realized approximately 15% annual increase in membership,</li> <li>■ 100% retention not feasible, however numbers are fair.</li> <li>■ Old members re-joining e.g. Toyota</li> <li>■ Currently around 520 members</li> </ul>   |
| Improved Business Information to members             | <ul style="list-style-type: none"> <li>■ Delivered mainly through Seminars – built up to an average of Average of 3 per month in 2005 (including the chapter ones).</li> <li>■ Introduction of special seminars in 2005 e.g. Kaizen and Business Conference which were very well received.</li> <li>■ Organize Trade missions</li> <li>■ Sharing of Biz opportunities with members via email and</li> <li>■ Successful twinning with external partners</li> </ul>   |
| Financial Base Strengthened                          | <ul style="list-style-type: none"> <li>■ Current revenue structure <ul style="list-style-type: none"> <li>■ 60% subscription, 20% Fee-based and 20% donors.</li> </ul> </li> <li>■ Build up Membership fund to &gt;Kshs 37mln</li> <li>■ Good financial management,</li> <li>■ Operating with small profit</li> </ul>   |
| Improved internal and external communication         | <ul style="list-style-type: none"> <li>■ Developed Communication Strategy</li> <li>■ KAM more visible in the media and frequent mentions</li> <li>■ Internal communication to members via email (approx 2 a week)</li> <li>■ Introduction of Newsflash in 2004</li> </ul>   |
| Focused networking and advocacy                      | <ul style="list-style-type: none"> <li>■ Advocacy better except still reactive except for budget proposals</li> <li>■ Better preparation for meetings with Government</li> <li>■ Institutionalization of presentation of written memoranda</li> <li>■ With MTI instituted twice yearly structured dialogue with as many relevant Government departments</li> <li>■ Structured meetings with Govt departments – MoF, MoLG, Roads Board, KPA, KRA, KRA, MoE, KEBS, NEMA,</li> <li>■ Developed advocacy strategy</li> <li>■ KAM represented in several business association networks</li> <li>■ Building coalitions with FPEAK, Kenya Flower Council,</li> <li>■ Collaborations with sister associations –</li> <li>■ Kenya HIV/Aids Business Council business networking</li> <li>■ KAM represented in meetings of interest to it.</li> </ul> |

Source: KAM Business Plan 2006-8 (2005)

It has therefore been noted by the respondents that during the plan implementation period, the Association was able to establish clear responsibilities of the different organs including the board, committee, sub-sectors groupings, regional chapters and the secretariat. In addition, the period was credited as a time when the organizational internal capacity was enhanced by the recruitment of professional staff as well as capacity building on the existing staff. It was also during this period that internal operating standards were documented and used in improving service delivery to members. The operating standards specify the human resources procedures including recruitment, induction and performance appraisal system. This documentation encouraged the Association to get ISO 9001:2000 quality management system certification attained in 2003 and renewed in 2006.

During the period, the Association improved its internal infrastructure which saw the implementation of a Local area network (LAN) connecting all the staff to the network through email and internet. A notable change was a shift in the way of communicating from hard documents to the email system down. The staff members were provided with computer facilities that went with this change. In addition, members' details were placed in a centrally shared database, a shift from the old way of keeping such records in hard copies at the registry.

Respondents concur that probably why the capacity of the organisation improved quite tremendous during the period was due the collaboration with DI discussed earlier. In addition to the secretariat capacity building, the Chairman and the Chief Executive were also taken through some awareness session on how to run a business organisation while board members were trained on corporate governance.

Towards the end of the BDP 2001- 5 in 2004 the Board recruited a new Chief Executive. As mentioned earlier in the report, the respondents think that this was a very major factor in accelerating the change process. Whereas the Chief Executive herself acknowledges this, she notes that the change momentum had already started by the time she came on board in that the internal organisational issues had been addressed and the collaboration with DI had already started taking effect.

#### 4.2.2 Business Development plan (BDP 2006 – 8)

With the BDP 2001 – 5 coming to an end, the Board and the management held a two-day strategy retreat in October 2005 to agree on the new direction that the Association needed to take for the coming period. The forum therefore came up with BDP 2006 -8. The methodology followed an approach where an internal assessment, an analysis of the membership satisfaction as well as developments in the BMO market was used as building blocks in the analysis and the subsequent conclusions.

The goal for the period 2006-2008 was set as developing evidence based advocacy and demand driven membership services. The overall objective of the strategic period was to transform KAM into an organisation whose advocacy is pro-active and based on objective evidence, and an organisation which effectively delivers needed services to the members in pursuit of competitiveness for local industry and a deeper industrial base in Kenya.

There were four specific objectives and targets as well as corresponding operational strategies enabling KAM to pursue a manageable implementation of the current strategy. The first four specific objectives was policy advocacy which was about the transformation of the Association to be proactive, evidence based intelligence provider, effectively delivering policy advocacy services for members. The Association intended to make a fundamental shift in her advocacy to ensure that it is more influential. It intended to be more pro-active and base its advocacy on objective evidence. The plan acknowledged that in the past, the advocacy tended to be reactive and thereby responding to already enacted legislation or administrative measures introduced by regulators. It was noted that the Association has not been sufficiently involved during development of such legislation and administrative measures and therefore has been often caught off-guard and the members unprepared. The intention therefore was to shift towards more proactive evidence based advocacy and ensure that KAM is an influential organisation.

The second objective was on the development of business support services which are demand driven, value added fee based services in service to members and for

the financial sustainability of KAM. While work in advocacy was to address issues common to all, there was need for firm level responses and developments to ensure that the members were indeed competitive. In this regard, the Association usually offered information and knowledge through seminars to its members and facilitates trade missions to new markets which were to be deepened during the period.

The third objective was about membership development and communication, in order to ensure that KAM is the most preferred business association by value-adding industries and recognised by Government partners. The plan noted that business associations require a solid base from which it can make its representations and earn influence. KAM could therefore only continue to be influential if it has a significant constituency. It was therefore the intention of the Association to seek to expand its membership among Kenya industries in the manufacturing sector. The Association also intended to reach out to other businesses engaged in value addition and processing in Kenya. KAM aspiration was to represent all value add businesses in Kenya.

The fourth objective was on governance and internal communication and it was meant to ensure that all KAM structures are effective, focused and deliver services to the member's satisfaction. In order to be able to deliver on the three other objectives, the Association needed to have a sound organisation with clear structures that work in furtherance of the core vision and mission of the organisation. The plan noted that during the previous plan period, the Association invested a lot of resources and time in developing the secretariat and increasing its capacity to deliver. In addition, it developed structures for member's engagement and delivery of the agreed positions from sectors and working committees. The plan therefore noted that during the period, it will be necessary to continue strengthening the Association internally to ensure that it can deliver. Using learning from the past four years, the aim was to strengthen the secretariat and rationalize the existing structures and ensure effectiveness in delivery of services to members.

Respondents acknowledge that the Association continued to change during the period. Notable progress on the development of evidence based advocacy was the development of a benchmark report that comparing Kenya with other similar

countries in terms of the cost doing business in areas that affect the manufacturing sector. The report has proved to be a good tool for advocacy. Further, research on many areas of concern to members as well and development of position papers and briefs on specific areas of advocacy became a norm. The period saw the introduction of an intelligence report that seeks to prepare members on the anticipated changes in the economy that may affect their operations.

Respondents note that the business support services did not develop as anticipated due to a number of factors including non responsiveness of members. But there was progress in other areas with the number for members continuing to increase during the period. Governance improved with the structure of the Association being altered to be able to deliver the plan much better. Four units were created each to implement the each of the plan's objective. Further, organs especially the working committees and the chapters improved on their performance.

One aspect that was noted by respondents that contributed to the success in the plan implementation was the breaking down of the plans objective into annual activities each with clear targets. This was summarised in an annual work plan that was monitored by the Board. The aim was to ensure that each unit or department was working on a particular objective within the plan and that they could review performance on a monthly, quarterly, half yearly and yearly basis.

#### **4.2.3 Business Development plan (BDP 2008 – 10)**

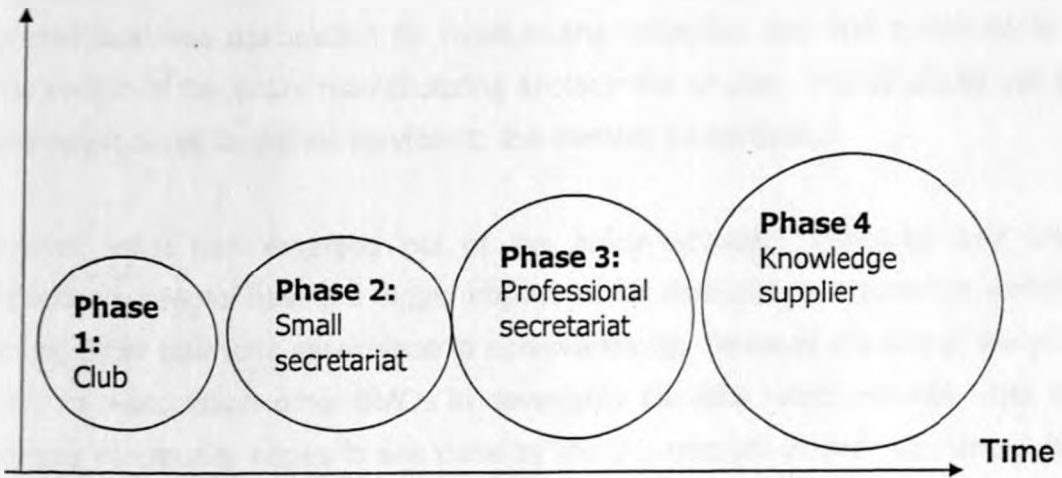
Given that the BDP 2006-8 was coming to an end and that there had been major changes in the environment due to the post election disruptions as well as the formation of a coalition Government, the Association board found it wise to bring forward the strategic session from the end of the year to May 2008.

The overall goal for this BDP was to transform KAM into an organisation whose advocacy is pro-active and based on objective evidence, effectively delivers needed services to its members in pursuit of competitiveness, and uses communication methods with an overall sense of urgency as it strives for excellence, moving from

good to great. While this is quite similar to the goal of the previous period, the issue of communication was this time given more prominence

There was clear agreement among the board that they need to move the Association to phase four BMO as in the illustration below.

**Figure 4-1: Four Phases of Business Membership Associations Development Capacity**



Source: Confederation of Danish Industries

It has been noted that a business organisation develops from a club with a few active members that primarily is for networking, exchanging information and airing views about common problems. The club then develops a small secretariat with the growth in the number of members and develops a professional secretariat.

A phase four organization has been described as one that has the governing body taking a guiding role and mainly providing input on overall strategy and major policy issues. The organization is highly pro-active and is often able to set the agenda for discussions within the policy area. It is also a networking organization for knowledge sharing between members.

The BDP 2008-10 envisages that as at the year 2010 the Association will have sound and credible structures with large and active membership and very proactive in setting the agenda on business development in Kenya. The Association aims to be one that delivers to members nationally and outside national boundaries and will

be financially healthy with core roots in membership dues and visible to Government and all other relevant constituency in the country.

The objectives in the BDP 2008-10 are not radically different from those of the previous period. The Association hopes to be a proactive evidence based intelligence provider, effectively delivering policy advocacy services for members. Its looking at providing demand driven, value added fee based services that assist members attain competitiveness. It will also seek to ensure that KAM is the most preferred business association by value-adding industries and that it represents a cross section of the entire manufacturing sector in the country. The structures will be effectively focused to deliver services to the member's satisfaction.

However, what has emerged out of the policy advocacy initiatives and what respondents saw as having a bigger impact on the Association activities is working with the other business association to achieve results. Towards the end of the year 2007, the Association other BMOs in developing the NBA which outlines what the business community hopes to see done by the Government in order to improve the business climate. The agenda is meant to incorporate all the sectors of the economy so the Association reached most of those under the KEPISA. The process culminated in the presentation of the agenda to a very well published and round table with the Prime Minister. This was a first of its kind in the country.

The effort towards the networking around this was found to be a change in the way the Association operates. Respondents felt that this change was evident at the beginning of the year when the Association was instrumental in beginning the business community together to push for a solution during the time for the post election disruptions. The Association apart from bringing the business community together prepared memorandum on possible settlement areas that was presented as a proposal from business community during the post election negotiation process.

### 4.3 Factors Influencing Change

It is not possible to include all the factors that were identified to have influenced change during the process. The most outstanding ones have been described hereunder.

#### 4.3.1 Operating Environment

Respondents say that changes within the environment influenced the changes at the Association. This was manifested in a number of ways, the organisation was facing some sort of competition from other BMOs such as FKE, UBA, KEPISA and EABC. Members who felt that they were not getting value from the Association were opting to go to the others. It's worth noting that the last two were meant to be the umbrella bodies made up of BMOs but they later on started going for individual companies as members in order to be able to sustain themselves.

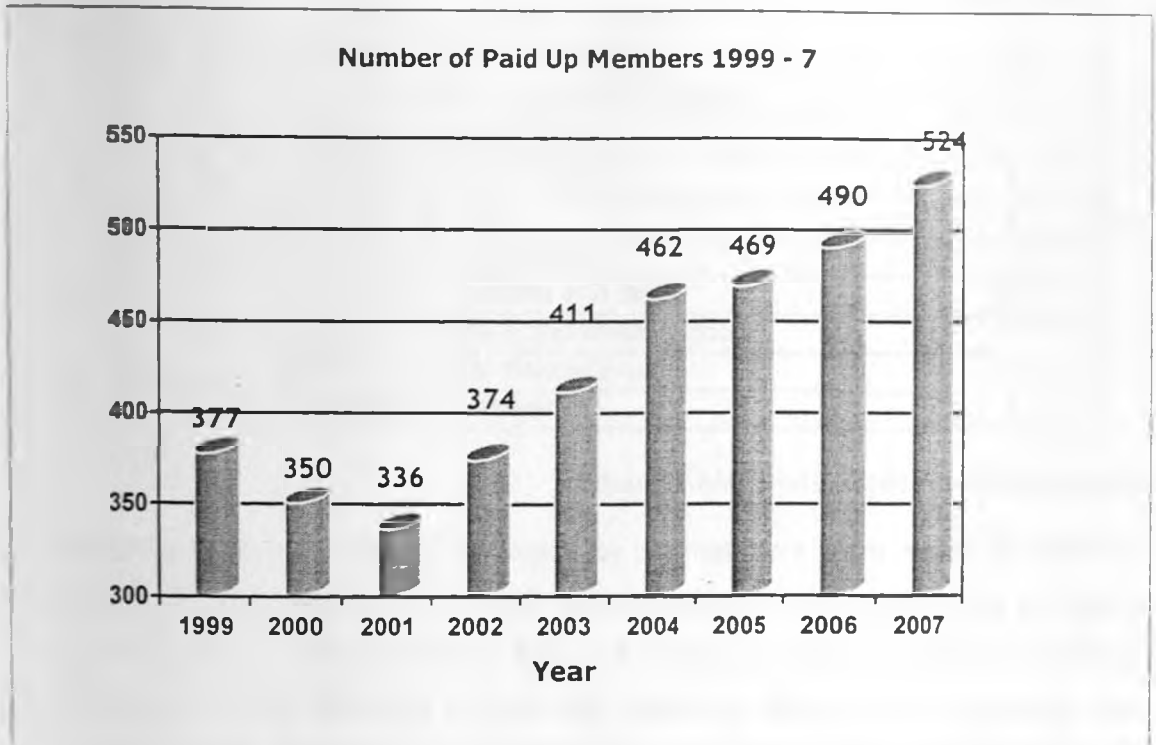
Manufacturers were also opting not to renew their membership done annually through paying the subscriptions. This therefore threatened the survival of the Association. Some of those who did not renew would go directly to the Government whereas others felt it did not make much difference whether they were within or outside the Association.

It was noted that a big deep on the Association's operations from 1998 to 2000. The Association was literally in the red and the Board took the decision to restructure the secretariat.

In addition, the business climate was very hostile for the manufacturers around the late 1990s to 2002. This was due to the liberalisation of the economy that took place in early 1990s, deterioration of the infrastructure and poor performance of the country's economy. Therefore, the members were putting in a lot of pressure for the Association to be stronger in policy advocacy and in getting results from the Government.



Figure 4-2: Growth in Paid Up members



Source: Annual Accounts 2007

From the above chart it's evident that the Association membership would have continued to dwindle if changes did not start taking place in 2001, the number of members before 1999 though could not be verified we said to much higher.

Winkler (2001) in the needs assessment report ranked the most important services to members as indicated in Table 4-2.

Table 4-2: Ranking of services as according to importance

| Ranking                               | Problem                                     | Number of Responses |
|---------------------------------------|---|---------------------|
| <b>Most important problem:</b>        |   |                     |
| 1.                                    | Power availability, reliability and tariffs | 14                  |
| 2.                                    | Business environment, government support.   | 11                  |
| 3.                                    | Unfair competition from imports             | 11                  |
| 4.                                    | Infrastructure (including telecom)          | 10                  |
| 5.                                    | Duties & taxation                           | 10                  |
| <b>Second most important problem:</b> |   |                     |
| 1.                                    | Infrastructure (including telecom)          | 25                  |
| 2.                                    | Availability of finance & Interest rates    | 9                   |
| 3.                                    | Duties & taxation                           | 8                   |
| 4.                                    | Unfair competition from imports             | 6                   |

| Ranking | Problem                                     | Number of Responses |
|---------|---|---------------------|
| 5.      | Power availability, reliability and tariffs | 5                   |
| 6.      | Availability and costs of raw materials     | 5                   |
| 7.      | Business environment, government support.   | 4                   |
|         | <b><u>Third most important problem:</u></b> |                     |
| 1.      | Unfair competition from imports             | 6                   |
| 2.      | Finance & interest rates                    | 6                   |
| 2.      | Infrastructure (including telecom)          | 5                   |
| 4.      | Power availability, reliability and tariffs | 5                   |
| 5.      | Business environment, government support,   | 5                   |
| 6.      | Availability and cost of raw materials      | 5                   |
| 7.      | Lack of qualified manpower                  | 4                   |

Source: KAM Needs Assessment Report 2001

He noted the main problems as perceived by the members were nearly all linked to constraints from Government and public administration. Only a few of the problems could be traced to internal issues from the company such as lack of qualified manpower and availability and cost of raw materials. Based on the analysis, the main needs of KAM members were to get strong lobbying and advocacy services. In order to address the indicated problems, KAM needed to develop continuous lobbying efforts at central, district and local level, addressing several issues at the same time, and inform the members on the progress of the different actions on a regular basis. In addition, it would need very good monitoring abilities, including capabilities to analyse policy issues and to present them on paper, in individual and public meetings in a professionally.

He noted that as a private sector organisation with an important role in the Kenyan economy and at the same time facing a challenge of limited financial, human and other resources, it is imperative to have a clear focus on the issues that are most important for the members and concentrate on them.

#### 4.3.2 Leadership

Respondents felt that leadership, both the board and secretariat was a major contributor to the change at the Association. At the board level, there was some sort of deliberate efforts to bring in younger board members who played a big part in driving the change. The trend started around the year 2000 but was more visible with

the chairman who came in 2001. In the following two years around five young Directors from member companies joined the board of the Association. Board's leadership was crucial after the formulation of the BDP 2001-5 in 2001. The Board moved to constitute what was termed as the BDP Steering Committee that worked with the Consultant, Chief Executive and the secretariat to drive the process of its implementation. Subsequently, the committee worked on a staff skills audit exercise and specified the sort of training required for the secretariat at that time. The committee also laid a foundation on the sort of information technology infrastructure that was found suitable to deliver required services to the members.

The Chief Executive, who served the Association between 1999 and 2004, was credited with being part of the change in that he spearheaded the defining of roles and responsibilities for the various organs under the BDP 2001-5. However, it's the recruitment of a new Chief Executive in 2004 that has been found to have had a great impact on the changes at the Association. Respondents note that it was her approach to issues that accelerated the change process. They feel that her personal attributes played a very big part in the change process. For instance she was ready to appear in the media and articulate the Association's position unlike the previous Chief Executive. This has given the Association a very high profile that is necessary for policy advocacy. The government now feels obliged to consult the Association at when making decisions affecting the manufacturers. Respondents identified her good communication skills that have assisted in developing a good rapport with members at different levels within the Association as well as other organisations. In terms of staff relations, it was felt that she brought in an open door policy where all staff relates as equal. In additional, she has the ability to develop networks and coalitions with other BMOs in the country, regional and internationally so as to work with them in pushing for common issues.

Capability within the Association in developing position papers and other related advocacy papers has been enhanced in that the Chief Executive is quite technical and leads the way in doing so. This is also coupled with the fact that she takes a lot of interest in a varied number of areas that constitutes the Association operations.

### **4.3.3 Collaboration with Other Associations**

External influence through collaboration with other BMOs especially those who are more advanced was formally recognised as a factor influencing change. The most outstanding one was the collaboration DI through a twinning arrangement that last for a period of five years from 2002 to 2006. Given that the Association was already implementing the BDP 2001 -5, the collaboration sort of took over what from where the BDP steering committee had reached.

During the period of the collaboration, the KAM members of staff were trained on various aspects of managing and running a business association by their counterparts in Denmark. The training covered communication, policy advocacy, membership development, trade and regional trade agreements. During the period the Association developed a communication & public relations strategy as well as a membership recruitment & retention strategy. The collaboration also saw the establishment of the business support services unit which came with training on offering a variety of business development services.

The office infrastructure went through some improvement done through upgrading of the information technology infrastructure as well as other aspects of communication such as the refurbishment of the website and the members database.,

## **4.4 Challenges in Managing Change**

### **4.4.1 Internal organisational Challenges**

The internal organisation capacity seemed some time to be unable to handle the changes. Most of those interviewed noted that communication both internal and external was a challenge. While it was appreciated that efforts had being made to improve on this, from the responses there was still a major gap. Internally some members of staff felt lost during the change process as they was limited communication to them on what was happening. Some complained of being left out

of important forums such as the strategic planning and annual planning forums. The annual work plans did not have clear deliverables for the junior staff.

Members of the committees and the board felt that while the Association was involved in numerous activities on their behalf, there was a tendency to wait until results were achieved to communicate the outcome yet the process was equally important. Some members felt the Association should have a better way of communicating on important issues. In order address this, different communication products such as email shots, magazine and newsletter for members were developed.

Human resource management was also noted to be a challenge in that when the Association was small in size with fewer members of staff such could be handled easily by the chief executive. However, with an increase in the number of staff and organisation size it posed some problems. Though important, it seems it did not receive the attention in good time. It was noted that part of BDP 2006 -8 was to get a human resource consultant to come and conduct a skills audit and suggest placement as appropriate. This did not happen in 2006 and only little attempts were made towards the end of the year 2007 and early 2008 by a board Human Resource committee. Due to this, members of staff tended to feel that the board did treat human resources issues with the seriousness it deserved.

Teamwork was also mentioned as a challenge that developed with growth in the organisation's size. As the Association's secretariat expanded with bigger organisational structure it called for specialisation among the staff members. They tended therefore to be more pre-occupied in delivering on areas under them and were less concerned about the overall organisation's performance. Another area that suffered was regular visits to members that used to be shared by all. This is important as the members of staffs are able to identify issues of concerned and also get feedback on the Association performance.

The Association put in place a process to handle succession planning by bringing in Assistant Executive officers and other recent graduates to understudy the Executive officers to complement and eventually replace them once they eventually leave the

Association. The initiative seems to be having a challenge in that the Assistant officers felt that they are being exposed in too many different areas. They therefore felt that they literally jumping from one meeting to another without being let to specialise on some specific areas. In addition, members, seemed to have formed a tendency of referring specific issues to certain members of staff and despite the efforts of having tasks shared out, some of them insisted on being served by those they were familiar with.

In terms of the skills capacity, the Association was noted not to have wide spread political economy analysis skills necessary to develop the best policy advocacy positions as fast as they were needed. While this was being developed, it posed a challenge in that such positions were not available when they were needed and therefore affected the results. The other challenge was to do with the adequate human resources in that while the Association did appreciate the need to employ people with specific competencies, financial resources were prohibiting. For instance, the respondents felt that the Association should have had capacity of people with good training and experience on legal issues.

#### **4.4.2 Organisational Culture**

In order to make the Association more proactive in the area of policy advocacy it needed that some sort of activism in having issues goes through Government. The Chief Executive came from a civil society background with such skills but they were not well complemented by others in the Association. Some of the suggested way to pushing issues through was through strong statements in the print media.

However, there was feeling from some of those in the board and secretariat was that the advocacy activities should not be too radical. It was felt that the Association should be more moderate when dealing with the Government.

#### **4.4.3 Relations with the Government**

Much of the work that the Association does to do with the Government and therefore results for the Association work will be dependent on the Government. It is well

known that Governments take long to make decisions and act most of the times even after decisions are made. Cases were cited where an issue took two to three years to resolve while at the same time some impatient members were still pushing the Association for action.

Some of the members felt that by getting closer to the Government, it could have been compromised the policy advocacy of the Association. The Association was at time accused of being too friendly to the Government and therefore unable to take some radical positions as deemed fit by some members. In the members' needs assessment exercise carried out in May 2008, 6% of those interviewed felt that the Association had become too friendly to the Government and therefore not effective in its advocacy.

Another consequence of the Association being noticed by all in Government is that it has tended to be invited to all the forums held by various organs of Government. Some of these meetings have very remote connections to the operations of the Association. However, the Association felt compelled to participate since it was a way of maintaining a good working relationship with the different Government departments. It however caused a strain on the Association and stretched its limited capacity of the Association.

#### **4.4.4 Demands by Members**

With an increased in tangible results from the Association, the members tended to demand even for much more. The demand was increasing in two folds, firstly on the scope of services provided by the Association with members asking that more and more of their concerns can be sorted out by the Association regardless its capacity. The Association continued to receive more and more requests for services which were not ideally under its jurisdiction. Secondly, members basing their experience on work done earlier, tended to expect quick action in most areas thus overwhelming the Secretariat in push for quicker results. Respondents noted that members using prior successes rates tended to set new benchmarks for the Association.

It was also noted that responsiveness of members was also a major challenge in that out of the total membership it was around 7% - 30% who responded questionnaires or attended meetings and feedback forums. The Association on the other hand depended on such responses to push for action from Government.

#### **4.4.5 Leadership**

Respondents noted that there were a few leaders in the board, committees, sectors and chapters who were pushing harder on issues they had interest in. They will attend meetings where their issues were being discussed and miss the others even when their presence was required. Some were said to go for leadership positions where their companies had some specific interests. While this is not abnormal in many membership organisations, it's a challenge in that not all areas are given adequate attention and conflicts also tend to occur.

Leadership of the different organs depended on members volunteering themselves, therefore as much as the standard for meeting and outputs for the organs were monitored, its not very possible for them to be pushed to deliver as they as volunteers running their own businesses.

#### **4.4.6 Financial Resources**

The Association is mostly dependent on member's subscription, such are not in most cases adequate to sustain the services required by members. One area noted to be a resource drain was consistent representation at a number of regional and international meetings. In addition, finances also dictate the sort of staff an organisation can be able to attract and sustain yet the services offered by the Association will be used as a base for members when paying their subscriptions.

### **4.5 How the Challenges were handled**

In order to overcome challenges related to internal communication, the members of staff were encouraged to share information across the board. Such included ensuring that those all in the head and regional offices were copied all the important



communication that went to the rest of the team. In addition, the Chief Executive made it a point to share information going out to the Board members with the staff to keep them in the loop.

The general staff meetings were made regular and were held every first Friday of the month. In addition, a regular Monday morning briefings sessions for all staff was instituted. During the session, each staff updates other on the key issues they were working on during the week and where they required assistance from other. Major developments were pointed out so that everyone was kept posted on what was going on within the Association. Regular teambuilding sessions for staff were conducted to improve on team work. In addition cross functional teams are created to work on key events and functions to get all to participate.

To address the staff motivation and human resource management challenges, the board formed a committee made up of board members to work on this. The committee borrows from best practices member companies in refining the organisational structure, placement and motivation. The committee then forwards its recommendations to the board so that they are discussed before implementation.

In order to ensure that the Assistant Executive brought acquainted themselves with the members and tasks they were supposed to manage, they were allocated specific duties and communication to that effect shared with the members. They were also given specific roles such as the secretaries of various committees or sectors where they got to interact directly with the members.

To overcome the challenge of skills capacity given the financial limitation, the Association fundraised externally for short and medium term assistance from donors. Such assistance was used to bring in short term consultants to work on specific issues policy advocacy areas such as studies on taxation, intellectual property rights and trade facilitation. In that way, the Association did not incur additional staff fixed costs but it was able to develop materials needed for policy advocacy.

Members of staff were taken through a policy advocacy course that improved on their approach. To get the board to buy into more radical way working, the members

were once in a while exposed speakers from civil society who suggested ways of getting results from the advocacy. In addition, the interactions for the board members with DI broadened their views on how to get results from advocacy.

In order to get the Government Ministries to act on what had been raised with it for action, a procedure was developed for sending periodic reminders on the outstanding issues. Regular meetings were also held with key decisions makers within Ministries and key agencies in order to unblock pending issues. The Association also worked on a priority of issues and used the list to decide on which Government meetings to participate in and which it was to send apologies to.

To ensure that a focus was maintained on key issues affecting members without getting overwhelmed by varied requests from members, the Association used its annual needs assessment survey to prioritise the services considered important. In addition, based on requests per subject and the perceived magnitude of a problem, the secretariat maintained a list of the key issues that was regularly reviewed by the board during its meetings. Members of staff were also allocated member companies as "accounts managers" thus making them key contact persons tasked with the responsibility of ensuring they are in touch with the companies all the times to know issues affecting them.

To ensure that committed leaders were elected to lead various organs, a conscious effort of identifying those with leadership potential was done by the staff working with the organs. Those identified were groomed through being appointed as vice chairmen so they could work along with the chairman and gain required experience. The board developed a code of conduct for leaders to encourage them to minimise self interest when serving in the Association.

To overcome the challenge of inadequate financial resources, the Association made a target of fundraising at least 30% of its annual budget with the rest being funded internally. In order to ensure that relations with the donors were cordial, each funded activity was allocated a specific staff who liaised with the funding agency regularly. The board kept an oversight of all the donor funded activities to ensure that integrity was adhered to.

## **5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of the Findings**

#### **5.1.1 Approach in Managing Change**

It's evident that there have been changes within the Association especially since the year 2000. The changes have given KAM a new profile within the country and the region in the business circles. These changes were noted to have been deliberately influenced mostly by the top management. They have also been influenced by the Association deliberately learning from others similar organisations and improving on its operations based on that.

The approach to managing change was mostly planned and incremental in that the Association has so far developed and implemented two strategic plans during the period. Currently it's now in the process of implementing the third plan developed earlier this year. On the other hand, some changes were emergent and were not necessarily planned, such include the type of leadership that eventually emerged within the Association as well as and the dominance role that the Association seem to be taking up among other BMOs in the country.

The study found that the organisation had during the period, the Association transformed from a business club to one with a professional secretariat and is now becoming a knowledge provider who activities were felt not only within the country but also across the region as far as manufacturing and trade issues were concerned. This has been done through conscious efforts of developing the internal capacity through training and engaging more professional staff.

#### **5.1.2 Challenges to Managing Change**

Among the major the challenges experienced were the involvement and communication of the changes to of all organs of the Association during process. Teamwork that existed among the secretariat members tended to suffer as the organisation expanded in size. Organisational culture was also a challenge in that

some of the board and staff members did not want to adopt the new ways of doing things.

The Association suffered from inadequate human and financial capacity to implement all required activities. Despite this, the Government tended to overwhelm KAM in that it required its representation in many of its meetings even in those not relevant to its operations.

While results on policy advocacy tended to depend to a greater extent to the speed in which the Government acted, the members on the other hand were becoming more demanding. Members wanted the Association to deliver more yet not all were willing to get involved in leading the process as well as to input into the positions being developed.

### **5.1.3 How the Challenges were handled**

In order to get all involved and to improve on staff motivation, more staff sessions were conducted, this include weekly briefing sessions, monthly staff meetings and teambuilding sessions. The Board also set a committee to handle staff matters.

To bridge the capacity gap young assistant officers were brought to work with existing officers, they were assisted to take up some of the responsibilities. In addition consultants were hired on short term basis to work on areas that were not staffed. Engagement of consultants was mostly funded by donor to forestall the challenge of inadequate financial resources. To avoid being overwhelmed by varied demands from members, the Association found a way of prioritising key issues affecting members and concentrated on that.

In order to develop committed leadership, those found to be committed from the membership were identified and developed. The leaders were taken through guidance on advocacy skills so that they could deliver results as required by members.

## 5.2 Conclusions

From the findings it can be concluded that the process of change at the Association has gained some momentum over the period. While it was having clear people driving it, others seemed to have caught up quite well. The Association mostly used a planned approach in managing the change process. This was done by developing successive business plans and working on building of gains attained in the previous periods. The Association has been clearly seeking to respond to changes in the external environment from time to time and therefore was also managing the changes in an unplanned manner.

The main factors that have influenced the change programme include leadership, changes in the environment, organisational culture and the collaboration with the DI. However, it is evident that leadership especially at the secretariat level by the Chief Executive was the major contributor to the changes program. The influence that the Association seemed to have gained over the period was gained through the Chief Executive. It also should be noted that the changes were successful due to the foundation laid down by the previous Chief Executive in terms of building the base through effective organs starting from a functional secretariat and committees. By defining the roles for each of them and trying to identify people to manage them, the base for the changes had been laid. Therefore the success is also attributed to consistency in pursuing a similar course of action despite changes in the Chief Executive and frequent changes in the chairmanship.

The collaboration with the Confederation of Danish Industries (DI) was quite instrumental in the change process in that it influenced the Association on a number of areas including the earlier effort in setting up an effective organisational structure and getting a professional secretariat. It assisted in building the capacity of the organisation in training both the staff members and the board. It also shaped the thinking when developing the Business plan for period 2005-8.

Organisational culture worked both to push for the change and also as a hindrance of the change. During the change process a culture of trying new ways of doing things evolved and such were institutionalised. There were noted in a number of

instances such as change in the means of communication, as well as recent development where working in coalitions and networks has become a norm. But culture was used to resist change by some especially the leaders and members of staff.

The Association reacted to the changes in the environment. It deliberately worked out business plans to address the perceived changes in the environment. It also changed the way of working with the changes in the national government and realigned itself to engage with the government based on its structure. The same happens when changes were made to the regional trading arrangements where members had an interest especially with the EAC and COMESA.

From the finding it's also evident that supportive organisational structure is key in managing change in an organisation, the Association continued to refine the structure to match the new requirements. The evolving structure is one that is more specialised in line with the increasing needs of the members.

However, it's also emerging that the changes did not fully consider the some issues especially those internal to the Association such include teamwork which was noted to be disappearing as the organisation grew in terms of departments and number of staff. Internal communication and involvement of all staff also seem to have become more of a challenge.

It can therefore be concluded that the Association is continuously managing change which has had a positive outcome but also with a number of challenges which are being addressed as they emerge.

### **5.3 Limitation of the Study**

The study was carried out through interviews with members of staff, board and committee members. It did not involve the Association membership through reference has been made some of the needs and satisfaction assessment exercises carried out among the membership since 2001. The study did not also involve Government Ministries and other BMOs that work closely with the Association.

Probably if these interviewed, the outcome would have been different.

It was difficult to get enough detailed information on how the Association operated before the year 2000 since most of the staff members and board members came on board after that. Such would have provided good comparisons on the operations then and after that.

Business Associations handles a lot of activities some of them undocumented. It also interacts with many businesses around the world thus the study could not exhaustively determine the influence on the organisation from the 600 member companies and other international contacts that they interact with through the years.

In addition, the case study involved one organisation. Therefore it cannot be generalised to represent the strategic change programmes implementations in all other organisations. This is because different organisations operate in different environments and have different strategic planning orientation and they are run by different individuals.

#### **5.4 Recommendations for Further Study**

The Association has been developing and implementing successive strategic plans. It therefore recommended that a study be carried out on how effective the process of strategic planning and implementation has been at the Association.

Since leadership has also come out as the main factor influencing change in the Association, there is merit in investigating this further. It is also recommended that the issue leadership and how it has contributed to the success of the Association be studied.

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## APPENDICES

### Appendix 1: Research Instrument Interview Guide

#### Part 1: Change:

1. How would you describe the changes that have taken place at the Kenya Association of Manufacturers since the year 2000?
2. What are the most noticeable aspects of these changes?
3. Would you say that the changes were necessary for the organisation?
4. What factors influenced the changes?
5. Do you say that the process of managing the changes was well planned or orderly?
6. What in your opinion were the factors accelerated the changes and what factors stopped the speed of change?
7. Did the process leading to change all inclusive? Did it involve all the organs at the Association?
8. What was the major outcome of the changes?
9. What were the major successes of the changes?
10. Is the resultant organisational structure more effective?
11. Is the organisation still adapting to changes within the operating environment?

#### Part 2: Challenges

12. The major challenges in implementing the changes were?
13. Earlier on a consultant noted that KAM was not a learning organisation: do you think this has now changed and why?
14. What are the outstanding critical areas need to be addressed?

#### Part 3: Resistance to Change

15. Did you notice any resistance to the changes and how was that handled?
16. What was done overcome resistance to change?