

**CHANGE MANAGEMENT AND COMPETITIVE ADVANTAGE: A CASE
OF KENYA POLICE STAFF SAVINGS AND CREDIT SOCIETY.**

BY

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DECLARATION

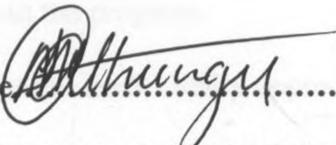
This research project is my original work and has never been submitted for examination in any other university or college.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This project is dedicated to my son Gideon Kenan and daughter Mary Mishi.

ABSTRACT

Static competitive environment has been replaced by an increasingly dynamic uncertain environment, organizational flexibility is getting more and more attention, flexibility has already become the most important factors to acquire the future competitive advantage.

While much has been written in the recent years about the concept of change management and competitive advantage, few organizations today truly have an effective, repeatable, project – level change management process and yet it is one of the most critical success factors for the organization. Those companies able to cope successfully with change are more agile in both the strategic and the operational/ tactical levels hence a significant competitive advantage.

Change is associated with uncertainty and frequently involves complexity, confusion, disturbance and turbulence. This is often worse by the failure of management to articulate a clear vision of the proposed change and its intended outcome. The task of competitive analysis and strategic planning are central to building competitive advantage. The dynamism in the money market in Kenya following the liberalization of the industry has threatened the very survival of the savings and credit cooperative societies in Kenya. The financial institutions providing long-term funds have since ventured into the short term money market. Mortgage and insurance firms are now providing shorter loans. The market segments for shorter and long-term lending are no longer distinct. The industry previously served by cooperative societies has in the recent past been entered by other financial institutions and it is therefore imperative that a strategic change and competitive strategy is required to turnaround the performance of Sacco's amidst the increasingly dynamic environment.

This study sought to establish how change was being managed at the Kenya Police Staff Savings and Credit Society, the relationship between change management and competitive advantage and the factors that influenced change management at the Sacco. The study was

designed as a case study of the Kenya Police Staff Savings and Credit Society and collection of data was through an in-depth personal interview with some members of the central management committee and departmental heads who are charged with implementation of strategies at the society. This being a qualitative research data was mostly qualitative in nature hence was analyzed by way of content analysis.

The study findings showed that change at Kenya police Sacco has been both planned and emergent. It also indicated that in most cases the board members proactively planned for change and others instances whereby new policies were introduced by the government in such instances, the Sacco has been able to successfully adopt and manage change through change agents. Formulation of change strategies is done by the board members and the top managers are tasked with the implementation process. This is as opposed to a participatory approach of change implementation and management.

Government regulations were found to be a big challenge in the implementation and management of change hence it was necessary for the Sacco to ensure that there was adherence to these policies within the given timeframe. Another barrier to effective change at the Sacco was found to be troublesome supervisors or departmental heads. Change management at the Sacco has also enabled the Sacco to compete successfully in the financial market but the link between change management and competitive advantage is not clearly defined.

The study concludes that the Sacco should be able to provide dedicated capacity by planning and budgeting for it. Management development must be integrated into the change process and stretch the duration of change to a maximum possible to assure timely responses to environmental challenges. The board members can facilitate and support the change process, communicate the change and encourage participation and involvement.

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ABBREVIATIONS

ADM.....Annual Delegates Meeting

KUSCO.....Kenya Union of Savings and Credit Societies

KPSS.....Kenya Police Staff Savings Society

SACCO.....Savings and Credit Cooperative

SASRA.....Sacco Societies Regulatory Authority

WOCCU.....World Organization of Cooperatives Union

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations rarely standstill, but are in a more or less constant state of flux, where change and adaptations in one part of the organization has a knock-on effect elsewhere (Cole, 2005). In the early 1970's with the overnight quadrupling of the world oil prices, economic shocks have continued to impose changes on Organizations. Continued collapse of organization has made executive ethics, managerial controls, responsibility of board members, manipulation of earnings and conflict of interest between firms and their auditor's topics of concern for all corporate executives (Robbins, 2003).

The magnitude, speed, unpredictability and impact of change are greater than ever before. Certainly, over the last 20 years especially, new products, processes and services have appeared at an ever increasing rate. Local markets have become global markets. Protected or semi protected markets and industries have been opened up to fierce competition. Public bureaucracies and monopolies have either been transferred to the public sector or have themselves adopted much more market-oriented practices and change has become a normality (Burnes, 2004).

1.1.1 Change Management

Strategic change management is a systematic approach to achieving a sustainable change in human and organizational behavior. It involves moving the people in the organization from certain old behavior to some new behavior desired by the organization.(Todd 1999).(Jones (2004) state that organizational change is the process by which

organizations move from their present state to some desired future state to increase their effectiveness. The goal of planned organizational change is to find new or improved ways of using resources or capabilities in order to increase an organizational ability to create value and improve returns to stakeholders. An organization in decline stage may need to restructure its resources to improve its fit with the environment. Change is the sequence of events that is needed to bring about change in an organization. Whether the intended change is from a less participative, corporate culture or along some other dimension, the process tends to follow a certain pattern (Gordon, 1990).

Change can be viewed as a one-off event an exception to the normal running of an organization and, therefore something to be dealt on an issue by-issue basis as it arises. On the other hand, some organizations see change not as an exception but as a norm, a continuous process that forms part of the organizations day-to-day activities. Thompson, Strickland and Gamble (2007) argue that irrespective of where the strategy comes from, be it the products of top executives or the collaborative product of numerous company personnel, it is unlikely that the strategy, as originally conceived will prove entirely suitable over time.

Every company must be willing and ready to modify its strategy in response to changing market conditions, advancing technology, the fresh moves of competitors, shifting buyer needs and preference, emerging market opportunities, new ideas for improving the strategy and mounting evidence that the strategy is not working well. In industries where industry and competitive conditions change frequently and in sometimes dramatic way, the life cycle of a given strategy is short. Industry environment characterized by high-velocity change requires companies to rapidly adapt their strategies. Ansoff and

McDonnell (1990), agree by noting that the bulk of managerial time in business firms is devoted to coping with uncertainties induced by the environment.

Johnson and Scholes (1999) argue that managers whether in the private or public sector are finding it difficult to make sense of business environment in which they operate. One of the reasons for this is the speed of change. Organizations must keep on changing to create short-term advantages and deal with environmental changes. Change is associated with uncertainty and frequently involves complexity, confusion, disturbance and turbulence. This is often worse by the failure of management to articulate a clear vision of the proposed change and its intended outcome (Blunt and Jones, 1992).

1.1.2 Competitive advantage

Walker (2004) describes competitive advantage as the goal of strategic thinking and the primary focus of successful entrepreneurial action. He adds that the drive for competitive advantage should motivate top managements vision of the firm's future. Since no vision can be effective that leads the company away from its potential in the market. All managerial tasks including resource allocation and organizational design/structure should be directed at building the firms market position and if they are not oriented towards this end, economic performance will decline in competitive product markets, the firm will suffer and management itself will be at risk(Walker,2004) Tang Roy Bauer (1995) view competitive dominance as the ability for a company to sustain leadership over a long period of time such that their products and services become the de factor standards. The "brand" becomes a power in the market, generates extraordinary levels of confidence,

trust and not incidentally, economic equity. The company becomes simultaneously the most widely imitated and most envied in the industry.

Bennet (1994), states that a firm's competitive position depends on its market share, product quality, brand and corporate identities, distribution arrangements and on its ability to expand or contract its operations at short notice. Sustainable competitive advantage is when the organization has the capability of outdoing its competitors and the organization should be able to sustain or maintain the number one position. I.e. having an edge over rivals in attracting customers and defending against competitive forces. All businesses whether domestic or global prosper only if they can identify opportunities to develop a competitive advantage and capitalize on those opportunities (Vernon-Wortzel and Wortzel, 1997). Successful managers devote much of their efforts to creating an environment that lets their employees' competence flourish encouraging them to take on more responsibility; providing the education and training they need to build their self confidence; and allowing and supporting them to learn from their mistakes (Dessler, 1999).

Donnelly, Gibson and Ivancerich (1992) refer to competitiveness as the relative position of a person, unit, form, or nation in comparison to other individuals, units, forms and nations. They argue that not being modified to fit the current yesterday or that have not been modified to fit the current situation are proving inadequate. The task of competitive analysis and strategic planning are central to building a competitive advantage (Vernon-Wortzel and Wortzel, 1997). Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceed the firm's cost of creating it (Porter, 1998).

He further urges that competitive advantage in one industry can be strongly enhanced by interrelationships with business units competing in related industries, if these interrelationships can actually be achieved. Interrelationships among business units are the principal means by which a diversified firm create value and thus provide the underpinnings for corporate strategy. Competitive advantage is all the heart of any strategy and achieving it requires a firm to make a choice- if a firm is to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it (Porter, 1998).

1.1.3 Savings and Credit Cooperative Societies in Kenya

A Savings and Credit Co-operative (Sacco) is a type of co-operative whose objective is to pool savings for the members and in turn provide them with credit facilities. Other objectives of Sacco's are to encourage thrift amongst the members and also to encourage them on the proper management of money and proper investments practices. Whereas in urban areas salary and wage earners have formed Urban Sacco's, in rural areas, farmers have formed Rural Sacco's. And we also have traders, transport, jua-kali and community based Sacco's.

A co-operative society is an association of persons who have come together with a common purpose of pooling their resources together for mutual economic and social benefit. Cooperatives are one of the pillars supporting Kenya's economic growth since independence. As an integral part of the Government strategy of wealth creation and poverty reduction, cooperatives activity cut across all the sectors of the national economy

that include agriculture, finance, housing, transport, building and construction, manufacturing and distribution trade. Cooperative activities concern mainly the financial sector (44%) and the agricultural sector (38%). (KUSCO, 2009)

The cooperative movement is well structured with more than 12,000 registered Cooperative Societies to date. The Kenya National Federation of Co-operatives is the national apex cooperative organization and 8 other National cooperative organizations/institutions are bringing together cooperatives per main activity such as bank, insurance, college, etc. Cooperatives gather at least 7 million members in Kenya.

The growth and support of cooperatives in Kenya present the possibility of promoting all key objectives of Cooperatives as well as establishing an enabling legal and policy environment; enhancing access to support services through Centre's of Competence; promoting effective co-coordinating structures; and strengthening the cooperative movement through a Challenge Fund mechanism. (KUSCO, 2009)

1.1.3.1 Governance of Sacco Societies

The Sacco Societies bill was passed by an act of parliament in the year 2008 to make provisions for the licensing, regulation, supervision and promotion of certain societies, to establish the Sacco Societies Regulatory authority. SASRA's functions are to licence Sacco Societies to carry out deposit-taking business in accordance to the Act. The supervision and regulation of Sacco Societies will be under this body. SASRA will hold, manage and apply the General Fund of Authority as provided for in this Act. The Authority may by order published in the Gazette, impose a levy to be known as the Sacco Societies levy on deposits held in deposit-taking Sacco Societies. The Authority may by

notice in writing to a Sacco Society revoke the licence if the Sacco fails to comply with this Act, or any rules, regulations, orders or directions issued under the Act or any conditions of the licence.(Kenya Gazette,2008)

All Sacco Societies shall comply with and maintain at all times the minimum capital requirements as may be required by SASRA. Sacco's shall maintain such minimum holdings of liquid assets of its members' deposits and deposits as may be prescribed by the Authority. Every Sacco shall calculate the average monthly balance of its deposit and borrowing at the close of business as may be prescribed by the authority. SASRA prescribes prudential standards to be adhered to by Sacco's. The Authority will undertake inspection or require the Sacco to submit information and reports on its financial condition. (Kenya Gazette, 2008)

The ministry of cooperative development and marketing has formulated a revised policy framework i.e. Kenya Cooperative Development policy 2008 whose main theme is expanding the economic space for sustainable cooperative growth in Kenya. Its main focus is restructuring, strengthening and transforming cooperatives into vibrant economic entities that can confront the challenges of wealth creation, employment creation and poverty reduction as private business venture.

1.1.4 The Kenya Police Staff Sacco

Kenya Police Staff Sacco Society Limited was registered on 20th November 1972 and was issued with a registration number CS/2092. The Society started its operation in a small office at Police Headquarters. It was manned by one staff who was seconded there to recruit the members. During its first year of operation, the Society recruited 670

members and gave loans to six members. The first interim ADM was held in September 1972 where office bearers were elected and mandated to present the draft by-laws to the Ministry of Co-operative Development for registration. Currently, its membership stands at 33,145. It has 9 Committee Members who form the 'board' of the SACCO and 3 members of the Supervisory Committee. (Police Sacco update.2009)

The Sacco's vision is to be a leading financial service regionally. The Sacco exists to provide diversified financial products and services through prudent management in order to maximize returns to members and stakeholders. Kenya police staff Sacco encourages thrift among members by affording them an opportunity for accumulating savings and creates a source of funds at fair and reasonable rate of interest. As an organization KPSS provides an opportunity for each of its members to improve their respective economic and social conditions. Members are allowed credit for purposes of providence or production or both. The Sacco also offers the members complimentary savings and credit services and other financial products. Through the cooperative insurance company, KPSS ensures the safety and soundness of the members funds through a risk management program and the appropriate insurance coverage. KPSS has a five year strategic plan running from 2010- 2014. (Police Sacco update, 2009)

1.2 The Research Problem

Managers whether in the private or public sector are finding it difficult to make sense of business environment in which they operate. One of the reasons for this is the speed of change. Organizations must keep on changing to create short-term advantages and deal with environmental changes. Change is associated with uncertainty and frequently

involves complexity, confusion, disturbance and turbulence. This is often worse by the failure of management to articulate a clear vision of the proposed change and its intended outcome. Since we refer to competitiveness as the relative position of a person, unit, form, or nation in comparison to other individuals, units, forms and nations, not been modified to fit the current yesterday or not been modified to fit the current situation are proving inadequate. The task of competitive analysis and strategic planning are central to building a competitive advantage

The dynamism in the money market in Kenya following the liberalization of the industry has threatened the very survival of the savings and credit cooperative societies in Kenya. The financial institutions providing long-term funds have since ventured into the short term money market. Mortgage and insurance firms are now providing shorter loans. The market segments for shorter and long-term lending are no longer distinct. The industry previously served by cooperative societies has in the recent past been entered by other financial institutions and it is therefore imperative that a strategic change and competitive strategy is required to turnaround the performance of Sacco's amidst the increasingly dynamic environment. (KUSCO,2009)

The Sacco's are beset by a series problems such as poor governance, low capacity to manage and operate prudentially, increased political interference, especially in the initiation and directing of their resources, low corporate reputation and a mismatch between assets and liabilities. (Mudipo 2005). Some of the challenges are mismanagement, slow adoption of modern technology and failure to adhere to rules and regulations in the operations of savings and credit societies. There is an increasing

acknowledgement that cooperative societies hold the key to economic growth that spreads wealth across all populations. (Mudibo, 2005)

Several studies in strategic management have been undertaken in various contexts: Tokei (2007) in his study on the use of cooperate governances a post liberalization strategy by Sacco's in Kenya concluded that use of corporate governance strategy by SACCOs in Nairobi has not been successful and much need to be done in ensuring that sticky issues are ironed out and at the same time ensure that Sacco's develop competitive strategies in order to remain relevant in the market. Kiuma (2008) in his study on change management practices at Nyati and Elimu Sacco found out that cooperative societies practice strategic change management and this involves formulation of committees to deal with the issue of change and the use of internal change agents hence change is effectively managed. Mudibo(2005) states in his paper that the cross cutting issues affecting Sacco's are governance, in adequate human resource, weak regulations, supervision, limited products, low marketing, innovation and poor image. Otwor (2008) in his study on management of strategic change at the cooperative insurance company found out that most of the changes at the cooperative insurance company were planned and introduced through a carefully managed communication process. Korir (2008) carried out a study on delays of loan request to members in Sacco's operating at Nairobi province and found out that the delays were due to management policies and practices.

Mathenge (2008) did a study on Responses of Afya Sacco to non-performing loans and concluded that both internal and external factors were responsible for the increased non-performing loans. Her findings indicate that the Sacco has developed measures to address

the problem of non-performing loans by coming up with innovative responses that have been implemented successfully and others are in the process of implementation but the real impact of these measures is yet to be established. Ilve (2008) in his study on the investment practices among savings and credit cooperative societies in Nairobi found out that investor needs and preferences are given first priority in choosing investments. He also note that majority of managers employ both strategic and integrated asset allocation tactics but the investments were confined within their traditional liquid assets which does not afford flexibility necessary for immediate response to market signals.

These studies have brought to light the approaches, practices, challenges and responses in strategic management however none has been done in a similar organizational setting to that of the Kenya Police Sacco .The difference in these studies is none has been done on both change and competitive strategies. They have not strived to establish how competitive these Sacco's are and how they deal with the expected changes in the environment and how this change relate to the expected results. This study seeks to look into the relationship between change management and competitive advantage hence narrow the existing knowledge gap. This study seeks to answer the following questions:

- a) How is change managed at Kenya police Sacco?
- b) What factors influence change management at the Kenya Police Sacco?
- c) Is there any relationship between change management and competitive advantage?

1.3 Objectives of the Study

The objectives of the study will be:

- a) To establish how change is managed at Kenya police Sacco

- b) To determine the factors influencing the change management in Kenya police Sacco.
- c) To establish the relationship between change management and competitive advantage at Kenya police savings and credit cooperative society.

1.4 Value of the Study

The findings of the study will have a wide spread implication in the organizational change management and competitive advantage and will help in revising the existing change management and competitive advantage strategies. The study will add value to the existing body of knowledge.

This study will be of great value to researchers and educators since they may use the findings of this study for further research in the area of change management and competitive advantage. The study will be used as a source of information for future comparisons of change management and competitive advantage strategies as well as the resultant performance trends. This means that the study will help in determining the link or the relationship between change management and competitive advantage

Senior Sacco managers and the central management committees will be able to re-examine change management practices and their competitive position in the industry. The study will also be beneficial to all managers generally in knowing how to manage change, build and sustain a competitive advantage. Government policy makers and particularly the ministry of cooperative development will find the study useful in policy formulation and planning.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on what other authors have written about change management and competitive advantage. Change management and competitive advantage are strategies that give rise to increased organizational effectiveness and efficiency. This section starts with a focus on the concept of change management, approaches to change management, change management models, competitive advantage and conceptual framework.

2.2 Strategic Change Management

Strategic change management is a systematic approach to achieving a sustainable change in human and organizational behavior. It involves moving the people in the organization from certain old behavior to some new behavior desired by the organization. Change management involves some transition from some undesirable state to some desired future state through a series of actions and activities (Todd 1999). Strategy is needed in order for organizations to obtain a viable match between their external environment and their internal capabilities. The role of strategy is not viewed as just passively responding to the opportunities and threats presented by the external environment, but as continuously and actively adapting the organization to meet the demands of a changing environment. (Hax and Majluf, 1996). The approach taken to managing strategic change will also need to be context dependent. It will not be the same for all situations in all types of organizations. Managers need to consider how to balance the different approaches to managing strategic change according to the circumstances they face. Moreover managers need to be able to

help create the sort of organizational contexts which will facilitate change (Johnson and Scholes, 2002).

Creating strategic change starts with creating a vision for change and thereafter empowering individuals to act as change agents to attain that vision(Lorenzi,2000)When the scope of change occurs within the current organizational beliefs and assumptions, it's more of a realignment strategy rather than a fundamental change of strategic direction which is a transformation change. Implementing change, whether tactical or strategic is not just concerned with deciding what to do and resourcing the decisions that are made, it is also about gaining commitment to change, reviewing the progress of change and making appropriate adjustments (Cole, 2005).

2.3 Approaches to Change Management

Change in organizations can be either proactive or reactive. Proactive change involves actively attempting to make alterations to work place and its practices(Todd,1999)He further states that companies take a proactive approach to change are trying to avoid a potential future threat or capitalize on potential future opportunity. Reactive change occurs when an organization makes changes in its practices after some threat or opportunity has already occurred (Todd, 1999).Once the need for change has been identified steps can be taken to adapt the appropriate organizational variable. In many cases the changes required are relatively small and can be dealt with on a day-to-day basis as part of the normal activities of management. Some forces for changes, however, are considerable and require a matching response from the organization. (Burnes, 2004).

The suitability of any one approach is determined by a range of factors, especially the stability, or otherwise of an organization's environment. Thus, a key role for managers is to make sense of the complexity of their organization's situations and choose an approach to change which best aligns with this. Nevertheless, though constraints such as the nature of the environment in which their organizations operate place limitations on managers, freedom of choice, managers can often but not always influence, moderate or alter these constraints to make them better suited to their organizations own preferences and needs. (Burnes, 2004). Broadly there exist two forms of change, planned change and emergent change. Robbins, (2003) refer to planned change as activities that are intentional and goal oriented, he further notes this change has two goals: to improve the ability of the organization to adapt to changes in its environment and it seeks to change employee behavior. If an organization is to survive, it must respond to changes in its environment , competitor moves, government policies, efforts to stimulate innovation, empower employees and introduce work teams are examples of planned change activities because an organizations success or failures is essentially due to the things that its employees do or fail to do. Planned change also is concerned with changing the behavior of individuals or groups within the organization. (Burnes, 2004)

The planned approach to change does not only offer a well developed change process, but it also provide a blueprint for the behavior and attributes of change agents who, in turn, are buttressed and supported by a host of tools and techniques for analyzing organizations and managing change. The planning process itself can help unfreeze the organization by convincing people on the need for change and involving them in decisions about how to change (Hellriegel, Jackson and Slocum, 2005). However, in the case of the much

speedier top-down change, problems may emerge later and may be difficult to resolve. (Hill and Jones, 2001). Burnes (2004), state that the emergent approach to change management conceives of organizations as operating in a continuous state of flux and turbulence. Emergent change tends to be characterized as a bottom-up, unpredictable, messy and politically-driven process. The role of managers is to develop a climate in which everyone in the organization has a responsibility for identifying the need for, and implementing change. The objective of emergent approach is not to achieve a fixed outcome but continuously to align and realign the organization with the changing needs of an unpredictable environment. (Burnes, 2004)

More and more organizations today face a dynamic and changing environment. This, in turn, is requiring these organizations to adapt. "Change or die" is the rallying cry among today's managers worldwide (Robbins, 2003). Whoever is in the position of managing change will need to consider the style of management they adopt; this is more or less appropriate according to organizational context. Bateman and Zeithaml (1990) argue that pressures for change come from many sources, inside pressure come from top managers and lower-level employees who push for change while outside pressure comes from changes in the legal, competitive, technological and economic environment. Organizations change when they have to i.e. typically when they uncover evidence of declining effectiveness. The kinds of leadership behaviors conveying support as difficult change unfolds and changing reward systems.

2.4 Change Management Models

There are a number of theoretical models of change and each attempt to describe the process through which organizations successfully alter their business practices, their organizational structure and their organizational climate.

2.4.1 Lewin's Three step Model

Kurt Lewin proposed a three stage theory of change commonly referred to as Unfreeze, Change, Freeze (or Refreeze). The Unfreezing stage is probably one of the most important stages to understand in the world of change we live in today. This stage is about getting ready to change. It involves getting to a point of understanding that change is necessary and getting ready to move away from our current comfort zone. This first stage is about preparing ourselves, or others, before the change (and ideally creating a situation in which we want the change). The more we feel that change is necessary, the more urgent it is, the more motivated we are to make the change. Unfreezing and getting motivated for the change is all about weighing up the 'pro's' and 'con's' and deciding if the 'pro's' outnumber the 'con's' before you take any action.

The change stage is not an event, but rather a process calling that process a transition. Transition is the inner movement or journey made in reaction to a change. This second stage occurs as we make the changes that are needed. People are 'unfrozen' and moving towards a new way of being. It is said that this stage is often the hardest as people are unsure or even fearful. This is not an easy time as people are learning about the changes and need to be given time to understand and work with them. Support is really important

here and can be in the form of training, coaching, and expecting mistakes as part of the process. Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired change and the benefits to people so they don't lose sight of where they are heading.

The Freezing or Refreezing stage is about establishing stability once the changes have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with their routines. It is in this stage that managers can have a great amount of influence through their use of positive reinforcement

2.4.2 Kotter's Eight steps Model

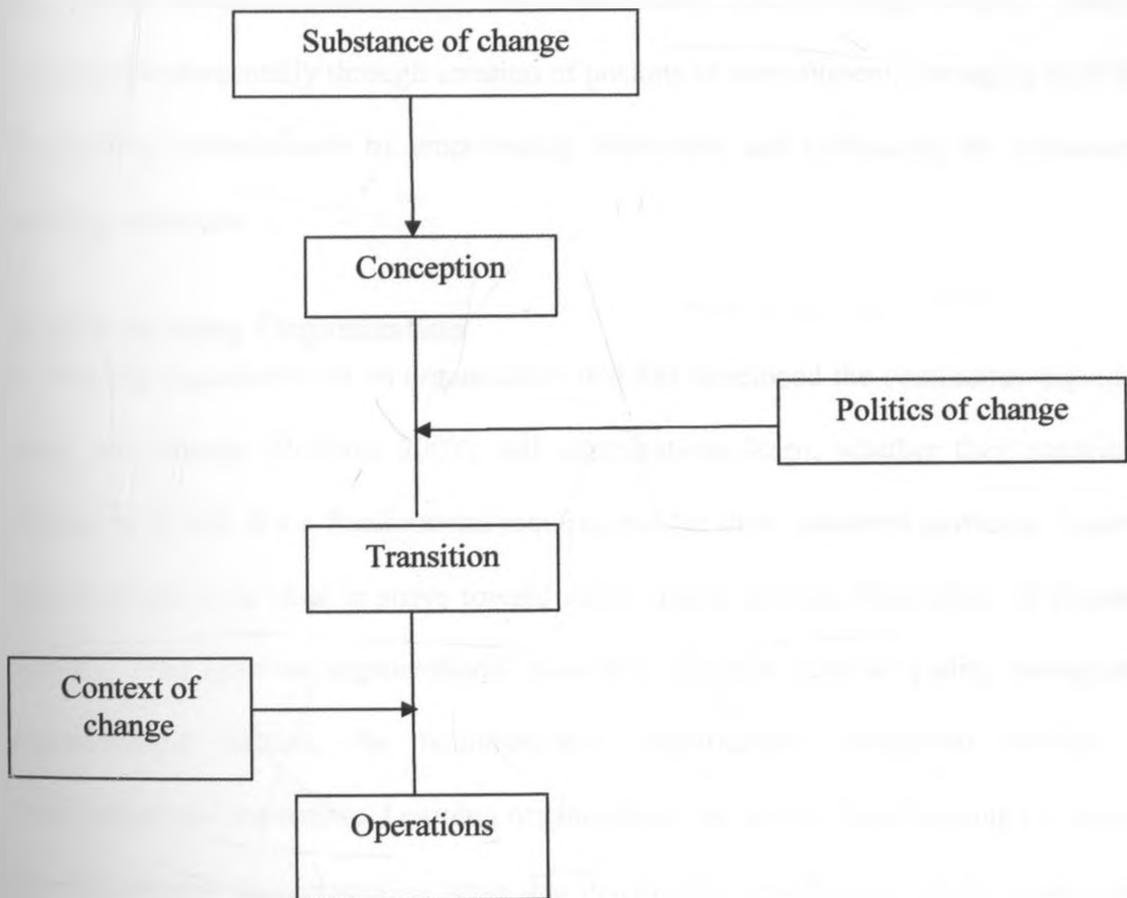
Kotter (1996) states that his eight steps are a process not a checklist hence successful change goes through all the eight stages which are; establishing a sense of urgency that is showing the urgency for the needed change, forming a powerful guiding coalition and creating a vision which is communicated to the stakeholders. He further posts that it is necessary to empower others to act on the vision, plan for and create short term wins, consolidating improvements and institutionalize new approaches

2.4.3 Processual Model

Temporal aspects of change are used as a means of breaking down complex process of organizational change into manageable portions such as; conception of need for change which maybe in response to some external or internal pressure for change or may be through a belief in need for change to meet future competitive demand. (Dawson 1984) He further states that change can be seen as a process of organizational transition

whereby strategic decisions are made. Operations of new work practices and procedures refer to the period when following implementation of change, new organization arrangements and systems of operation begin to emerge. It is a period in which a relatively stabilized system of operation emerge comprising new patterns of relations and new forms of working practices. (Dawson 1984)

Figure 2.1.Processual Model



Source: Dawson (1984)

2.4.4 Logical Incrementalism

Quinn (1986) argues that integration of processes and of interests is an incremental process not a piecemeal. Managers consciously and proactively move forward but incrementally. This involves patterns of change through creating awareness and commitment incrementally, amplifying the understanding and awareness. Changing symbols and building credibility. Legitimizing new view points and making tactful shifts and partial solutions (Quinn 1986). He further states that the change progress should be solidified incrementally through creation of pockets of commitment, managing coalitions, formalizing commitments by empowering champions and continuing the dynamics by eroding consensus.

2.4.5 Learning Organization

A learning organization is an organization that has developed the continuous capacity to adapt and change (Robbins 2003). All organizations learn, whether they consciously choose to or not. It's a fundamental requirement for their sustained existence. Learning organizations is an ideal to strive toward rather than a realistic description of structured activity. They draw on organizational behaviour concepts such as quality management, organizational culture, the boundary-less organizations, functional conflict and transformational leadership. Learning organizations use double loop learning i.e. when an error is detected its corrected in ways that involve the modification of the organizations objectives, policies and standard routines.

A learning organization has both the drive and the capability to modify or transform itself and improve its performance continuously. Successful innovation and change are not

events with clear cut beginnings and endings rather they are never-ending processes that have become part of the daily routine. When an organizations environment is unstable, learning may require a lot of exploration and experimentation while in stable environments it's more stable and occurs through a systematic process of testing alternative approaches. Learning organizations have five distinctive features, shared leadership, culture of innovation, customer-focused strategy, organic organization design and intensive use of information (Hellriegel et al, 2005).

The core of learning organizations is based upon five learning disciplines; Personal mastery-learning to expand personal capacity to create the results most desired, Mental models- reflecting upon continually clarifying and improving internal pictures of the world, and seeing how they shape actions and decisions, Shared vision-building a sense of commitment in a group, Team learning- transforming conversational and collective thinking skills so that groups of people can reliably develop intelligence and ability greater than the sum of individual members talents and Systems thinking- a way of thinking about, and a language for describing and understanding the forces and inter-relationships that shape the behavior of systems (Senge, Kleiner, Roberts, Ross and Smith, 1994). People in learning organizations react more quickly when their environment changes because they know how to and anticipate changes that are going to occur, and create the kinds of changes they want. Change and learning may not exactly be synonymous, but they are inextricably linked.

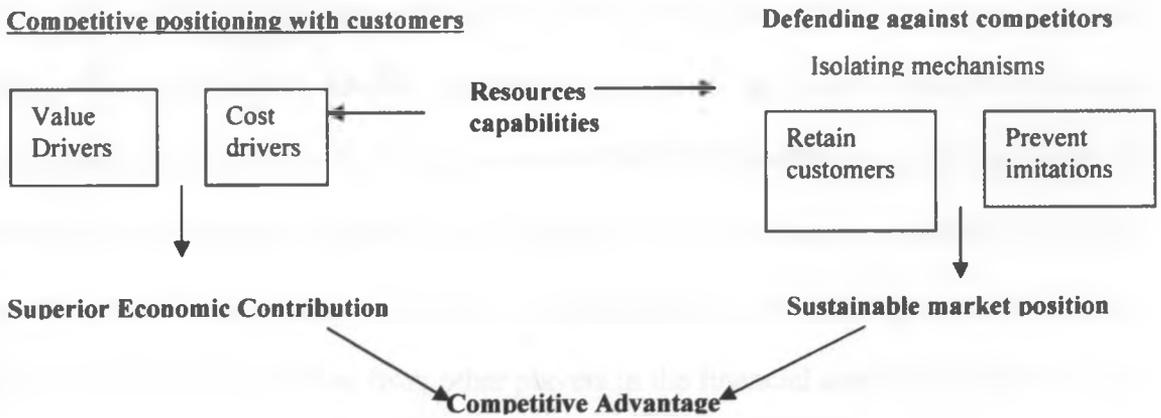
2.5 Competitive Advantage

Competitive advantage is at the heart of firm's performance. It is concerned with the interplay between the types of competitive advantage, i.e., cost, and differentiation, and the scope of the firm's activities. The value chain plays an important role in order to diagnose and enhance the competitive advantage. A sustainable competitive advantage creates some barriers that make imitation difficult. Without a sustainable competitive advantage, above average performance is usually a sign of harvesting (Porter, 1985). Competitive advantage is, in very basic words, a position a firm occupies against its competitors. Donnelly, Gibson and Ivancerich (1992) refer to competitiveness as the relative position of a person, unit, form, or nation in comparison to other individuals, units, forms and nations. They argue that not been modified to fit the current yesterday or that have not been modified to fit the current situation are proving inadequate. The task of competitive analysis and strategic planning are central to building a competitive advantage (Vernon-Wortzel and Wortzel, 1997).

Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceed the firms cost of creating it (Porter, 1998). He further urges that competitive advantage in one industry can be strongly enhanced by interrelationships with business units competing in related industries, if these interrelationships can actually be achieved. Interrelationships among business units are the principal means by which a diversified firm create value and thus provide the underpinnings for corporate strategy. Competitive advantage is all the heart of any strategy and achieving it requires a firm to make a choice- if a firm is to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and the scope within which it will

attain it (Porter, 1998). Bennet (1994), states that a firm's competitive position depends on its market share, product quality, brand and corporate identities, distribution arrangements and on its ability to expand or contract its operations at short notice.

Figure.2.2. Building competitive advantage



Source: Walker G. (2004) *Modern Competitive Strategy*. New York, McGraw Hill/Irwin Pg 19

Strong core competences and competitive capabilities are an important avenue for securing a competitive edge over rivals in situations where it is relatively easy for rivals to copy smart strategies. Any time rivals can readily duplicate successful strategy features making it difficult or impossible to out strategies rivals and beat them in the market place with a superior strategy, the chief way to achieve lasting competitive advantage is to out execute them. (Thompson, Strickland and Gamble, 2007) Part of the competence building process is shaping an environment for collaborative behaviour done for instance by encouraging team work in which employees learn to work with one another (Dessler, 1999). According to Walker (2004), competitive advantage arises from developing and protecting resources and capabilities.

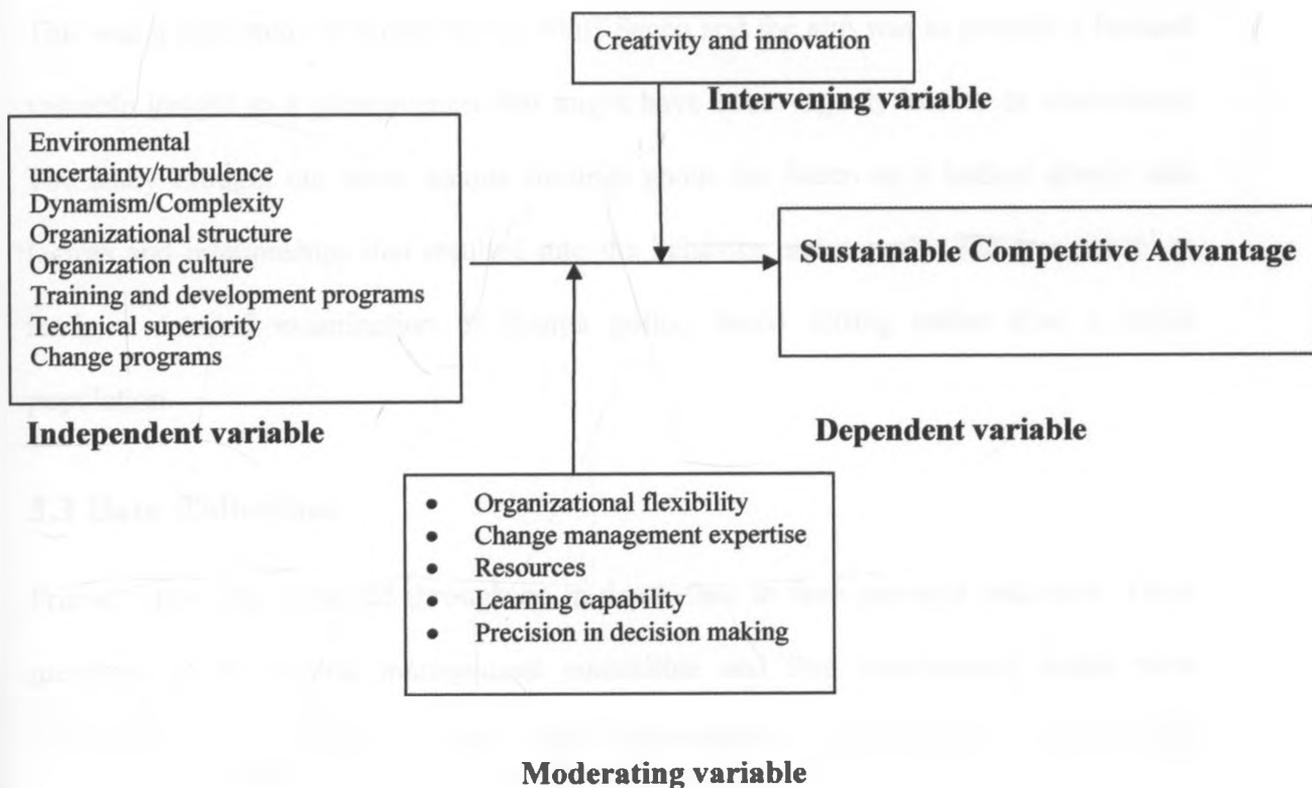
This study tends to agree with the above discussions since today we are caught up in the storm of daily events that we have trouble seeing how the changes around us affect our lives, relationships and business. The business environment is dynamic thus the need to monitor change in order to adapt and create additional value in the products and services. Change should be examined from time to time to ensure that sustainable strategies are set up to curb its effect. More importantly the business design should be monitored to avoid getting absolute. Sacco's should capture value growth and leave obsolete business designs and pursue new ones which are more effective and efficient. In current times it takes focus, knowledge, flexibility and courage to survive in such a growing dynamic financial business environment. Sacco's are operating in a challenging environment coupled with stiff competition from other players in the financial arena. This call for joint effort among Sacco's to streamline their operations to ensure they survive cost effectively.

2.6 Conceptual Framework

The variables of interest in this study are change and competitive advantage (dependent variable). The environment dynamism/uncertainty, training programs, technical superiority(independent variables) influences organizational change which in turn without the right change management expertise, learning capability, right management style (moderating variables) it will not be possible to implement the required change and this will also have an effect on the organizational competitive advantage. The readiness of the organization to apply the latest methods, the organizational flexibility, resource capability (moderating variables) creativity and innovation (intervening variables) will

enable the firm to respond positively to the changing environment hence gain a competitive advantage. There is a significant positive relationship between change management, competitive advantage and organizational efficiency. The precision in which management makes decisions and successfully implements the same will give rise to a competitive advantage.

Figure.2. 3. Conceptual Model



Source: Researcher (2010)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section describes the proposed study design, data collection procedures or techniques i.e. the data collection instrument and its relevance and how the collected data was organized and analyzed.

3.2 Research Design

This was a case study of Kenya police Staff Sacco and the aim was to provide a focused valuable insight to a phenomenon that might have been vaguely known or understood. The study brought out some unique findings about the Sacco as it looked deeply into factors and relationships that resulted into the behavior under study. The investigations made a detailed examination of Kenya police Sacco setting rather than a broad population.

3.3 Data Collection

Primary data was collected through an in-depth face to face personal interview. Three members of the central management committee and five departmental heads were interviewed. Since it was a two way conversation it allowed for feedback and clarification of unclear questions/answers. Personal interviewing gives the opportunity to follow-up by probing and this gives the interviewer some flexibility which will set up research opportunities designed to lead the researcher into unforeseen discovery within the area of study. Secondary data was collected from the findings of published papers, articles, books, prior studies and World Wide Web.

3.4 Data Analysis

Data collection and analysis in this study were done simultaneously as note cards were used to record the data available from the interviews and this was edited and cleaned up as the data was being organized. The collected data was edited and analyzed to establish how KPSS manages change and whether there exists any relationship between change management and competitive advantage. This being a qualitative research data was mostly qualitative in nature hence was analyzed by way of content analysis. This technique gives an objective, systematic and qualitative description of the manifest content of communication. Frequencies, percentages, and measures of association or relationship were used to analyze the data too. Charts and tables were used to supplement statistical data. The charts and tables enable the reader to compare or see the trend of the distribution more vividly than simply looking at numbers in a frequency table.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter gives the study findings during the personal interviews. The findings are discussed in line with the objectives of the study which sought to establish how change is managed in KPSS, the challenges faced when managing change at the SACCO and the relationship between change management and competitive advantage.

4.2 Nature of Change

There are two basic types of change. Reactive change forces the organization to respond in a short notice to external or internal influences. Planned change is one where the organization initiates change proactively. The success with which an organization responds to unplanned change depends mainly on the flexibility of its decision making mechanisms and the ability to predict major changes which is an important aspect of strategic management. The study sought to determine the changes that have taken place at the Sacco, how the changes were carried out, types of change (on going or planned for) and the preparation made before implementing the strategic changes as well as the challenges faced.

4.2.1 Type of change

Table 4.1: Type of Change

Variable	Frequency	Percent
Planned for	5	62.5
On-going	3	37.5
Total	8	100

Most changes at KPSS are planned for with as high as 62.5%. This may be because some forces are considerable and require a matching response from the organization. This demands attention at a corporate strategic level so that the necessary adaptation can be made to products, processes or people. It requires that targets are set, implementation policies to be agreed and appropriate steps to be taken to prepare employees.

Changes at the Sacco are both emergent and planned. The board members sit and plan for the future as given in the strategic plan but in some cases changes just emerge and they are supposed to be adopted immediately in order to be effective. Most of the changes are presented to the shareholders during the Annual General meeting for approval. Those changes that emerge are adopted immediately by the supervisory committee who are given powers to deal with such immediate changes in the Sacco.

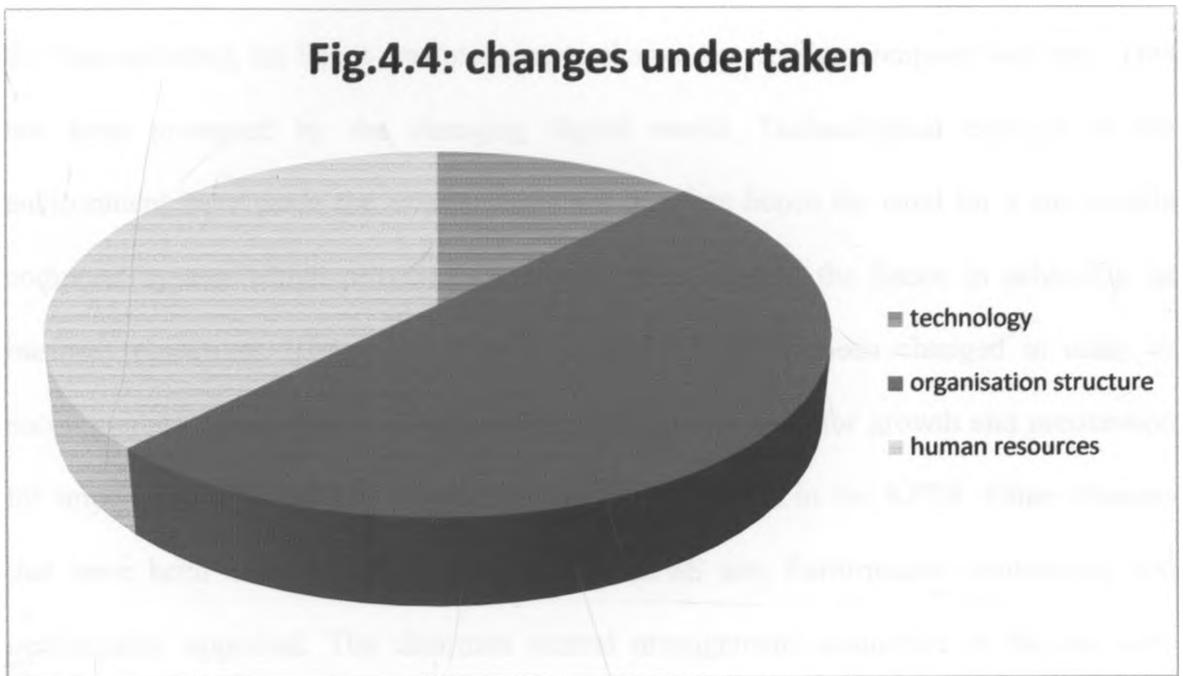
4.2.2 Changes that have taken place

Table 4.2: Sections that have Undergone Change

Variables	Frequency	Percent
Technology	1	12.5
Organizational Structure	4	50
Human Resources	3	37.5
Total	8	100

The organizational structure has seen the greatest change with 50% this has been necessitated by expansion strategies and job redesign. The organization is yet to adopt the latest technology. Human resources have experienced a 37.5% change

Figure 4.4: Changes undertaken



Several changes have taken place at the police Sacco such as, Structural changes, expansion strategies and technological changes. These changes have been necessitated by the dynamism in the environment.

Data collected indicated that new positions had been created like the position of the financial manager, the deputy general manager, the assistant accountant, the human resource manager and the computer manager. Asked why these adjustments were necessary, the interviewees said that there was no other way possible to accommodate the tremendous growth experienced by the Sacco for the last five years. The Sacco is in the process of opening new branches in Eldoret and Mombasa this will help improve the Sacco's effectiveness and efficiency in that services will be taken closer to the customer.

This has prompted a review of the existing organizational structure and jobs have been redesigned to accommodate these changes.

It was noted that technological changes were in the pipeline at the Sacco whereby from the data collected, the Sacco was planning to change the existing computer software. This has been prompted by the changing digital world. Technological changes in the environment have made the existing software obsolete hence the need for a sustainable computer system which provides the capability to support the Sacco in achieving its business objectives. The organizational structure has also been changed in order to accommodate these changes. It was established that the need for growth and preparation for impending regulatory requirements drove the changes in the KPSS. Other changes that have been successfully implemented at KPSS are; Performance contracting and performance appraisal. The chairman central management committee is the one who signs the performance contract on behalf of the other board members. Employees at the Sacco are annually appraised and performance deficiencies addressed appropriately.

4.3 Overall objectives for the Changes

The interviewees expressed the concern for improved performance and generating new forms of competitive advantage as the drivers for change at the Sacco. Another objective for change at the police Sacco is to maximize shareholders equity. Capacity building has been a major objective for change in the Sacco. The organization strives to improve on the existing policies, procedures and plans.

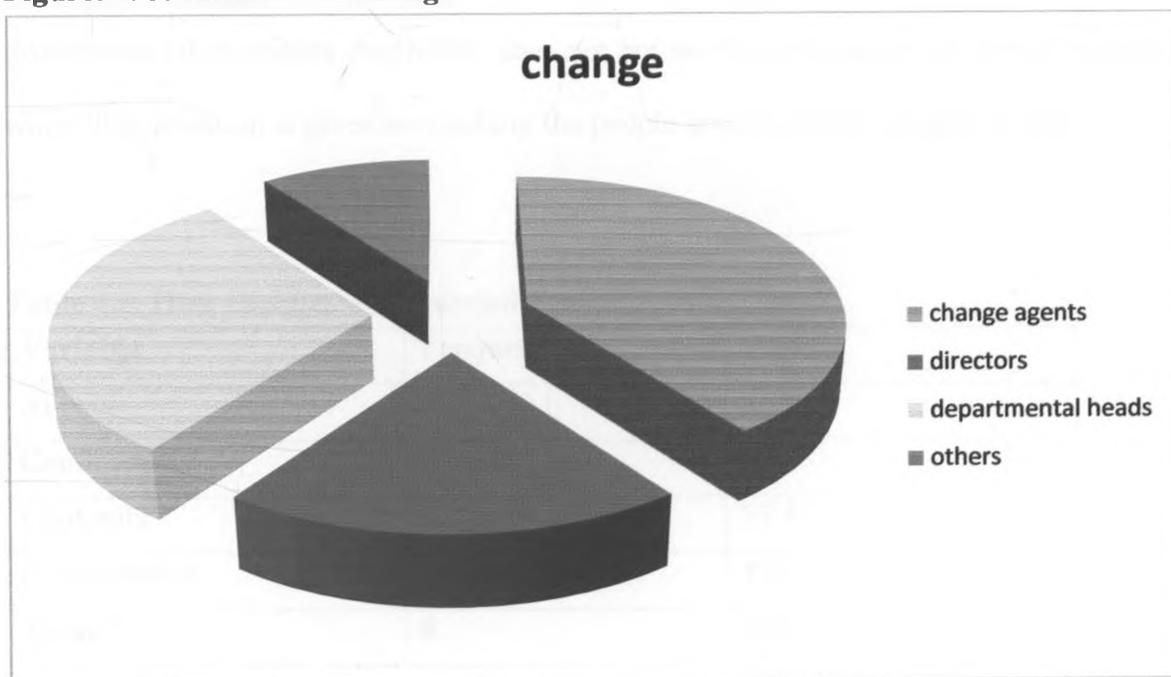
4.4. Management of change.

Table 4. 3: Preparations Made before change Implementation

Variable	Frequency	Percent
Assessing the environment	2	25
Defining change goals	2	25
Assessing organization capabilities	4	50
Total	8	100

From the above table it's clear that KPSS is more concerned with the resources available to implement changes. Internal capabilities mainly involve but not limited to structure and systems, tasks and work. People, technology, organization culture and strategy development.

Figure: 4. 5: Initiators of change



Most of the changes at the Sacco are initiated by change agents with 40% while 30% are initiated by the departmental heads, 20% by the company directors and 10% by others who include employees and shareholders.

Table 4.4 Reinforcement of Change Programs

Variable	Frequency	Percent
Continuous Communication	8	27
Provision of feedback on change progress	7	23
Celebrating short-term wins	5	17
Coaching of the people involved	3	10
Institutionalized new approaches through policy changes	5	17
Change of reward systems to support change initiative	2	6

From the table above change is mostly reinforced through continuous communication ensuring that feedback is received on the change process in order to address any discrepancy. It is evident that KPSS does not put much emphasis on its reward systems while little attention is given to coaching the people involved in the change process.

Table 4.5: How changes were carried out

Variable	Frequency	Percent
At once	-	-
Continuously	4	50
Gradually	3	37.5
Intermittently	1	12.5
Total	8	100

Once initiated, change in KPSS was carried out gradually but continuously. Though there are instances where change was carried intermittently that is in stages with lapse of time

in between the change programs. This would sometime distort the objectives of the change.

Change at the Sacco is introduced through clear communication from the board members down to the employees. The Sacco management organizes for workshops and seminars as well as staff parties whereby change can be communicated to the employees. Shareholders are told about the intended changes during the annual delegates meeting but it is with their approval that the same can be implemented. Formulation of change strategies is done by the board members and the top managers are tasked with the implementation process. This is as opposed to a participatory approach of change implementation and management. KPSS has in the recent past engaged consultants in the formulation, introduction, implementation and management of change. KUSCO and cooperative bank of Kenya have been offering consultancy services to KPSS. The board members undertake an intensive research on what is happening in the competitive environment and establish a sense of urgency for the intended change. The supervisory committee guides the change process while all the board members create a vision for the Sacco, communicate the same all through to both employees and stakeholders. Employees and departmental heads are empowered through training. After institutionalization of the new approaches there is always feedback to assess the progress.

4.5 Challenges Faced

The turbulent environment poses a big challenge in the management of change at the Sacco since sometimes before a strategy is successfully implemented, the dynamic environment calls for adoption of a different strategy. The findings also indicated that

though the required resources for the changes were made available through budgeting, it was a big challenge to implement and manage emergent changes when the allocation for such change was not made. It was found that the computer software in use by the Sacco was outdated while at the same time all the operations were not computerized hence some work was been performed manually. Management information systems also have a big impact on the successful implementation of a change vision at the Sacco. Up-to-date competitive information, market analysis and the ability to communicate powerfully and effectively throughout the company in a cost effective way has been a problem in the Sacco.

KPSS membership is only meant for police officers these are the general service unit, the regular police and civilian staff working at the Sacco leaving out the administration police and members of the general publics which can be a big challenge. If in any case there is no recruitment of both regular and general service police for lets say the next five years it means that Kpss membership will decline as most of these officers who are members will retire, be dismissed or opt to leave the force and worse still the HIV and AIDs pandemic. This can be a major challenge when coming up with long-term strategies at the Sacco.

Government regulations such as the establishment of the Sacco Societies Regulatory Authority whose main objects are to license Sacco Societies in carrying out deposit-taking business, regulate and supervise Sacco Societies has been a major challenge when implementing and managing changes at the Sacco.

Both systemic and behavioral resistance to change impedes negatively to change implementation and management at the Sacco. Systemic resistance has been as a result of

resource capacity i.e. lack of enough resources, organizational design and culture, fixed investments and Sacco alliances. Behavioural resistance in terms of individual employees, managers in other departments and collective resistance in terms of managers who share common tasks, coalitions and power centers within the Sacco. It was found that there are many a times when demand is higher than supply at KPSS. Borrowing of loans by members far outweighs the Sacco liquidity which is a challenge. Another barrier to effective change at the Sacco was found to be troublesome supervisors or departmental heads. Often these managers have dozens of interrelated habits that add up to a style of management that inhibits change. They may not actively undermine the effort, but they are simply not “wired” to go along with what the change requires. Often enthusiastic change agents refuse to confront these people.

4.6 Sources of Competitive Advantage at the Sacco

Table 4. 6: Source of competitive advantage

Variables	Frequency	Percent
Market share	8	32
Resource capability	6	24
Continuous learning	4	16
Effective management/leadership	4	16
Innovation and creativity	3	12

A high market share has enhanced the Sacco to successfully compete in the dynamic environment. Its resource capability has given the organization a competitive edge, but it can be noted that the organization is not really innovative and it’s only on rare occasions when the employees come up with new ideas.

Market intelligence through intensive research has given the Sacco a competitive advantage. The organization organizes education tours whereby board managers go round visiting other Sacco's and from these visits they are able to learn new approaches of managing organizational change. Kenya Police Sacco has a ready catchment area for membership. The board has been given goodwill by the commissioner of police to straight away recruit new members from Kenya Police College and General Service Unit training school each year when there are new recruits in these institutions. This ready market for membership has given the Sacco a competitive edge over its competitors who have to come up with a competitive marketing strategy in order to recruit new members and retain them. Change management at the Sacco has also enabled the Sacco to compete successfully in the financial market but the link between change management and competitive advantage is not clearly defined.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings, draws conclusions and gives recommendations relevant to the research. The objective of the study was to establish how change is managed, the factors influencing change management and the relationship between change management and competitive advantage at the Kenya police Sacco.

5.2 Summary

Change at Kenya police Sacco has been both planned and emergent. There are instances where the board members have proactively planned for change and others where new policies are introduced by the government. In such instances, the Sacco has been able to successfully adopt and manage change through change agents. Change at the Sacco is introduced through clear communication from the board members down to the employees. Formulation of change strategies is done by the board members and the top managers are tasked with the implementation process. This is as opposed to a participatory approach of change implementation and management.

Government regulations were found to be a big challenge in the implementation and management of change hence it was necessary for the Sacco to ensure that there was adherence to these policies within the given timeframe. Another barrier to effective change at the Sacco was found to be troublesome supervisors or departmental heads.

Often these managers have dozens of interrelated habits that add up to a style of management that inhibits change. They may not actively undermine the effort, but they are simply not “wired” to go along with what the change requires. Often enthusiastic change agents refuse to confront these people. Easy solutions to this problem don’t exist. Sometimes managers will concoct elaborate strategies or attempt manipulation to deal with these people. If done skillfully this only slows the process and, if exposed, looks terrible, sleazy, cruel and unfair hence undermines the entire effort. Typically, the best solution is honest dialogue.

In any change initiative, agendas get delayed, there is a desire to ensure that customers are not affected, political forces are at work – all of which slow the ability to perform as promised. However, short-term wins are essential. To ensure success, short term wins must be both visible and unambiguous. The wins must also be clearly related to the change effort within the Sacco. Such wins provide evidence that the sacrifices that people are making are paying off. This increases the sense of urgency and the optimism of those who are making the effort to change. These wins also serve to reward the change agents by providing positive feedback that boosts morale and motivation. The wins also serve the practical purpose of helping to fine tune the vision and the strategies. The guiding coalition gets important information that allows them to course-correct. understanding the concept of value addition is critical for decision makers within Sacco’s so this calls for value migration which is an ongoing process of trying to stay a head of competition using the best business designs or adopting the best practices that stand the taste of time. That is the shifting of value creating forces.

KPSS design should be monitored to avoid getting obsolete. The Sacco should capture value growth and leave obsolete business designs and pursue new ones which are more effective and efficient. It was found that the Sacco lacked a marketing department hence the need for KPSS to establish a marketing department which would help in marketing strategies for the Sacco. Differences in profitability between competing firms are a disequilibrium phenomenon hence competitive advantage emerges when change occurs.

5.3 Conclusion

Change in the Sacco is influenced by both internal and external forces. Change can be viewed as a form of learning. It is from its experience that organizations learn to carry on activities differently. Both systemic and behavioral resistance to change impedes negatively to change implementation and management at the Sacco. Systemic resistance has been as a result of resource capacity i.e. lack of enough resources, organizational design and culture, fixed investments and Sacco alliances. Behavioural resistance in terms of individual employees, managers in other departments and collective resistance in terms of managers who share common tasks, coalitions and power centers within the Sacco.

Local competition was the major force that drove KPSS to changes. Competition should not only be considered from the companies that are offering similar products. Often the internal structures of the Sacco work as cross-purposes to the change vision. As an organization that claims to want to be customer focused, the Sacco finds its structures, fragment resources and responsibilities for products and services. Companies that claim

to want to create more local responsiveness have layers of management that second guess and criticize regional decisions. Many times, it is difficult to remove these barriers in the midst of the change process. However, some obstacles are so disempowering that they must be changed. Typically, the most effective of these changes can occur in the human resources area. Realigning incentives and performance appraisals to reflect the change vision can have a profound effect on the ability to accomplish the change vision at the Sacco.

A ready catchment area for membership by the Sacco has given the organization a competitive advantage. KPSS has been recruiting its members directly from police training institutes giving it a competitive edge over its competitors. A strong capital base has also given the Sacco a competitive advantage as it is trusted by financial institutions such as the cooperative bank and KUSCO hence availability of cheap funding from these institutions. The ability to respond and adapt quickly to change is a source of competitive advantage at the Sacco. KPSS has adopted a strategic alliance with the cooperative bank whereby the cooperative bank through its country-wide network has been able to offer financial services to KPSS members on behalf of the Sacco. Research has also been a source of competitive advantage at KPSS. Change management at the Sacco has also enabled the Sacco to compete successfully in the financial market but the link between change management and competitive advantage is not clearly defined.

5.4 Recommendations

The Sacco must adopt a business culture that expects and reacts to change with the understanding, perspectives, tools and techniques that make change seamless and effortless. KPSS has to fundamentally shift its operations and position itself such that it can successfully embrace change. This requires new attitudes and approaches. Jobs in the organization must be defined in relation to change and all stakeholders should value the ability to change as one of their primary responsibilities. When the company masters the art of change management it can increase agility, respond more quickly to customer needs, get to the market faster, and develop projects on time and within budgets. In addition to ensuring better products and services hence increased customer satisfaction and lower development costs. Achieving these results require that Kpss view change management as an integral approach to managing any change from any credible internal and external sources. It also requires that the Sacco adopt integrated processes, supporting tools and automation to drive the change management process.

The Sacco should create some visible, unambiguous success as soon as possible. For leaders in the middle of a long-term change effort, short-term wins are essential. Running a change effort without attention to short-term performance is extremely risky. The guiding coalition becomes a critical force in identifying significant improvements that can happen between 6 and 18 months. Getting these wins helps ensure the overall change initiative's success. Realizing these improvements at the Sacco is a challenge.

Strategic planning is necessary at KPSS since as a process it will help the organization build commitment by engaging all the stakeholders in the change process, and choose

how best to respond to the circumstances of a dynamic and sometimes hostile environment. Strategic management is key to survival in a turbulent business environment since no company or industry is able to escape the winds of change. Based on appreciation that periodic planning systems are not able to perceive and respond to threats and opportunities in a turbulent/chaotic environment hence real time strategic response is critical at the Sacco.

The organizational management needs to prioritize the forces that directly affect the operations of their businesses. By responding to these forces strategically, the company will be in a position to gain competitive advantage. The response should be viewed from the three levels of strategy that is strategic, operational and tactical. Every level is conveniently placed to tackle different issues of the organization. For instance forces that seem have a greater impact to the core business of the firm should be addressed at the strategic level. Forces that originate from within the organizational and are more involved with the day to day activities should be tackled at the operational level.

There are several ways in which the Sacco can deal with both systemic and behavioural resistance to change. The Sacco should be able to provide dedicated capacity by planning and budgeting for it. Management development must be integrated into the change process and stretch the duration of change to a maximum possible to assure timely responses to environmental challenges. The board members can facilitate and support the change process, communicate the change and encourage participation and involvement. The researcher recommends that the organizational management should focus on all the levels of competition, identifying their classes, strong verses weak, close versus distant

and good versus bad. This classification will guide in designing what competitive strategies to use in what situations.

This study recommends that KPSS develop a policy and culture of continuing education. This will assist in acquiring expertise in technology, management skills and optimize the use of resources in the long run. It will also raise the level of readiness of employees to tackle challenges brought about by consequent changes. Equitable compensation system for workers at both management level and lower levels are a key success factor during strategic change management. Its absence would lead to demoralization of employees. This should however be considered with its value to the organization in mind. It is also recommended that the compensation system should guarantee control of the process to those with its vision.

5.5 Suggestions for further research

Following the geographical limitation of this study, a more comprehensive study could be carried out incorporating other Sacco's operating in other geographical areas to give a conclusive view of the change management and competitive advantage.

An evaluation of the impact of change management practices needs to be done. This would be a good evaluation tool of the value of the manager's decisions. It would also en-light other manages even in other industries, on the practices that have a higher pay-off. It would also be necessary to undertake an investigation on the sources of competitive advantage at other Sacco's across the country and compare the results in order to come up with a conclusive representation.

5.6 Limitation of the Study

It is recognized that Sacco's play a very critical role in the Kenyan economy. This study concentrated only on the Kenya Police Sacco leaving out other Sacco's within the country. The interpretation of the findings in this study should be done with the understanding that the study concentrated only on one Sacco therefore, generalization of the study results can not give a true representation.

Constraints in terms of resources such as time available for the study and availability of enough funds posed a major limitation.

Due to the fact that most of the board members are police officers, it was not so easy to interview them and those who were interviewed were reluctant to give all the required information as a matter of fact due to the level of discipline and secrecy expected from them as well as the departmental heads.

5.7 Implication on Policy and Practice

The organizational management needs to prioritize the forces that directly affect the operations of their businesses. By responding to these forces strategically, the company will be in a position to gain competitive advantage. The response should be viewed from the three levels of strategy that is strategic, operational and tactical. Every level is conveniently placed to tackle different issues of the organization. For instance forces that seem have a greater impact to the core business of the firm should be addressed at the strategic level. Forces that originate from within the organizational and are more involved with the day to day activities should be tackled at the operational level. Change can be viewed as a form of learning. It is from its experience that organizations learn to carry on

activities differently. It is recommended that organizations develop a policy and culture of continuing education. This will assist in acquiring expertise in technology, management skills and optimize the use of resources in the long run. It will also raise the level of readiness of employees to tackle challenges brought about by consequent changes.

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APPENDICES

Appendix I – Letter of Authorization



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM – LOWER KABETE CAMPUS

Telephone 020-2059162
Telegrams Varsity, Nairobi
Telex 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 21/9/2010

TO WHOM IT MAY CONCERN

The bearer of this letter MUJITA TERRY MJEVU

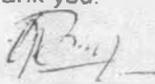
Registration No: 061/70483/2009

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request

Thank you.


DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. BOX 30197
NAIROBI

Appendix II. Letter of Introduction

Terry Mueni Mutisya

P.o Box 4501-00506

Nairobi.

The Chairman

Kenya Police Staff Sacco

P.o Box 51042

Nairobi.

Dear Sir,

Ref: Request for Use of Information

I am an MBA student at the University of Nairobi and in Partial fulfillment of the requirements of the degree; I wish to undertake a research study on Change Management and Competitive Advantage within the Kenya Police Staff Sacco.

The purpose of this letter is to request your permission to collect data through interviewing the departmental heads and central management committee members.

Your support and responses will be helpful in the study as I will be able to summarize, conclude the findings and help me come up with the right recommendations.

I take this opportunity to ensure you that the data obtained will be kept highly confidential and will only be used for academic purposes. A copy of the final research report will be availed to you on request.

Your cooperation will be highly appreciated.

Yours faithfully,

Mueni T.Mutisya

Dr.James Gathungu

University Supervisor

Appendix III. Interview guide

1. What are the overall objectives for change in the SACCO?
2. Do you have any formal training in managing organizational change?
3. What change has taken place in your organization?
4. Were the changes necessary? Why?
5. How were the changes carried out?
6. Were the changes planned for or on-going without major preparations?
7. How are stakeholders interests catered for in change management process in your organization?
8. What strategies do you apply in managing change at the SACCO?
9. How are the changes being reinforced?
10. Are any preparations made before any change implementation?
11. Are jobs in the Sacco defined in relation to change? Please elaborate.
12. What challenges do you face when managing or implementing change?
13. What is your response towards these challenges?
14. Have you been able to address these challenges?
15. What actual results have you observed after successful change implementation?
16. Does the Sacco come up with strategies that are different from its competitors during strategic planning?
17. How does the Sacco value the ability to change as one of its primary responsibilities?
18. How is change facilitated and how does it penetrate every facet and levels of the organization?

19. What are these levels/ dimensions of change at the Sacco?

20. Do you think that change management at the SACCO has given the organization a competitive advantage? How?

21. In your view what do you term as a source of competitive advantage at the Sacco?