

**MANAGEMENT OF STRATEGIC CHANGE AT LOCAL
AUTHORITIES PENSION TRUST (LAPTRUST) IN KENYA**

BY

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DECLARATION

This Research project is my original work and has not been presented for a degree in any other university

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The project has been submitted for examination with my approval as the university supervisor

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DEDICATION

This project is dedicated to God for giving me the strength, good health and favor throughout my MBA programme.

This project is also dedicated to my parents, the late Mr. Charles M. Musyoki & Mrs. Margaret Muendo for giving me the gift of education and for having shaped my life.

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ABBREVIATIONS AND ACRONYMS

LAPTRUST	Local Authorities Pension Trust
NSSF	National Social Security Fund
ICT	Information and Communication Technology
IT	Information Technology
RBA	Retirement Benefits Authority
KLGWSF	Kenya Local Government Workers Superannuation Fund
ERP	Enterprise Resource Planning

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ABSTRACT

“Change or die!” is the rallying cry among today’s managers worldwide. More and more organizations today face a dynamic and sometimes turbulent environment. This, in turn requires the organizations to adopt and adapt to the changing environment almost constantly if they are to remain competitive. In order to survive and prosper in such an environment, a business organization should be able to adjust its internal strategy to effectively react to external changes in the environment. Times change, people change, situations change and so do organizations. Change in organizations involves the movement or transformation of all or some of its factors. Change management involves managing both business and people in a changing environment so that business changes are successful and the desired business results are realized. Managing strategic change process is one of the ways of dealing with unanticipated consequences that occur when management intervenes in the organizations normal way of doing things with new ways. Managing change is generally far more difficult than it may at first appear. The need for reorientation occurs rather infrequently and when it does, it means moving from a familiar domain into a less well defined future where many of the old rules no longer apply. People must often abandon the roots of the past successes and developed entirely new skills and attitudes. Over the years, the pension industry has been undertaking major reform to strengthen the governance, management and effectiveness of the pensions system. Local Authorities Pension Trust, established over 80 years ago was designed to offer members a structured plan to build on their retirement benefits. In due course, changes in the environment have posed challenges to the institution rendering it crucial for LAPTRUST management to adapt to the changes. Adaptation to the changes comes with challenges that hinder the smooth implementation and management of strategic change. Therefore, to succeed in the management of strategic change at LAPTRUST adoption of effective and efficient strategies by the management was paramount. This research project sought to gain insight into the management of strategic change at Local Authorities Pension Trust and the challenges the institution has been facing in managing strategic change. The research adopted a case study design in assessing the management of strategic change at LAPTRUST. The design purposed to give a detailed investigation of a single subject and involved a complete examination of the social unit emphasizing on depth analysis. Primary and secondary data was collected on strategic changes in LAPTRUST mandate, policies, strategic plans, physical infrastructure, communication, corporate culture, and employees. The content analysis method was used to gain as much insight as possible from the raw data which influenced the results of the research. The main objective of the study was to determine how LAPTRUST is managing strategic changes and to establish the challenges of strategic change management. The study findings indicate that intense employee training, seminars, workshops, and team building are some of the change management practices that have been instrumental in steering strategic change. To manage strategic change communication, restructuring, intense training, culture change were vital while purchase of tools and equipments and changes in the physical infrastructure were necessary to encourage the smooth flow of operations. Though faced with challenges like resistance to change, it clearly came out that the institution’s success in its change management strategy has been associated with the quality of competency in all levels of management. Increased training, competence and the organization’s policy of recruitment of personnel into management positions drove the success of the strategic change. It is therefore concluded that LAPTRUST is capable of managing change following the firm’s growth due to a devolved system of governance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In the 1950s and 1960s, the past was a pretty good prologue of the future. Tomorrow was essentially an extended trend line from yesterday. That's no longer true. Beginning in the early 1970s, with the overnight quadrupling of oil prices, economic shocks have continued to impose changes on organizations. More and more organizations today face a dynamic and changing environment. This, in return is requiring the organizations to adapt. "Change or die!" is the rallying cry among today's managers worldwide (Robbins & Judge, 2007).

Organizations do not operate in a vacuum; they depend on the environment for their inputs and outputs. According to Campbell and Craig (2005), systems theorists contend that the most realistic view is to see an organization as a total system which takes into account the most holistic context both inside and outside an organization. Gulshan (2012) stated that systems theory considers a business unit as an open system which has continuous interactions with the external environment for its survival, making it essential for business to understand the environment and cope with it.

LAPTRUST Defined Benefits Scheme operates in an open system; it is dependent on the environment for its inputs and output. LAPTRUST is affected by internal and external environmental factors which constitute the business environment. Since a business interacts with the environment, it must be kept in mind that LAPTRUST is an open and adaptive system. Because the organization does not have control over all the environmental forces, it therefore has to undergo changes almost constantly if it is to remain competitive.

1.1.1 Management of Strategic Change

Change is to make something different. In 2011, Burke explained the term “change significantly” as efforts by executives to turn the organization in another direction, to fundamentally modify the “way we do things”, to overall the structure - the design of the organization for decision making and accountability and to provide organizational members with a whole new vision for the future.

Strategic change involves a radical change in an organization. The mission, vision as well as operations of a given organization change significantly. The success of this type of change is dependent on the overall strategic management of an organization (Burnes, 2004). According to Hill & Jones (2001), strategic change management is defined as the plans implemented by an organizations with the main objective of the attainment of the overall strategic goals to give the organization an advantage in the market.

Today's business environment requires companies to undergo changes almost constantly if they are to remain competitive. In 2011, Burke noted that, managing change process is one of the ways of dealing with unanticipated consequences that occur when we intervene in the organizations normal way of doing things with a new way. According to Robbins and Judge (2007), disruptions in the status quo are not occasional, temporary and followed by a return to an equilibrium state. There is, in fact, no equilibrium. Managers' today face constant change, bordering on chaos and to survive especially for long term, organizations' must change and adapt to their environment (Burke, 2011).

1.1.2 Pension Industry in Kenya

An increasing number of African countries have recently initiated reform of their pension and social protection systems. Over the last decade, Kenya has undertaken a major reform of parts of its pension system. Whereas the primary motivation for reform of pension systems in many countries worldwide has been to address the growing fiscal burden of pension liabilities, in Kenya the major driver for reform was to strengthen the governance, management and effectiveness of the pensions system.

A new Retirement Benefits Act was enacted in 1997 and a regulatory authority, the Retirement Benefits Authority (the RBA) was established to regulate, supervise and promote the retirement benefits sector in Kenya and is mandated to ensure that all people in their working life get access to retirement benefits facilities and that those who have retired get their correct retirement benefits on timely basis. The voluntary employer sponsored occupational schemes particularly provides a good basis on which to increase coverage and reduce post-retirement poverty levels. RBA hopes to achieve this by creating an enabling environment for retirement benefits schemes to thrive and instill confidence in the retirement benefits industry.

In Kenya, the pension industry is regulated by the Retirement Benefits Authority. LAPTRUST Defined Benefits Scheme operates under the Retirement Benefits Act (1997). Types of pension plans in Kenya include; Public Pension Fund e.g. NSSF Occupational Pension Scheme, Individual Pension Plan e.g. Zimele Pension Plan, Defined Contribution and Benefits Plan e.g. LAPTRUST.

1.1.3 Local Authorities Pension Trust of Kenya

LAPTRUST Defined Benefits Scheme was established over 80 years ago as the pension scheme of choice for Local Authorities and Associated Organizations. The LAPTRUST Defined Benefits Scheme is a product designed to offer members a structured plan to build up their Retirement Benefits. A Defined Benefits Scheme is an employer-sponsored retirement plan where employee benefits are based on a formula; using factors such as salary history, actuarial factor and duration of employment. The Pension is calculated in line with the provisions of the RBA Rules and Regulations (2000).

LAPTRUST's current membership composition includes; (i) Over 26,000 contributory members, (ii) over 250 sponsor organizations and, (iii) over 4,100 Pensioners. The eligibility for membership involves employees of County Governments, seconded staff from the Central Government, elected Members of County Assemblies, employees of any organization that is a participating sponsor, employees of Local Authorities and Associated Organizations such as Water Companies and SACCOs joining LAPTRUST post July 31, 2012.

LAPTRUST has undergone major organizational changes during the implementation of the Corporate Strategic Plan 2009 to 2013. LAPTRUST rebranded as part of the strategic plan implementation process by changing the scheme name from the very long KLGOSF to LAPTRUST Defined Pension Scheme. The institutional restructuring has facilitated formulation of the new corporate governance structures, compliance and performance monitoring frameworks and the risk management framework.

In 2012, the administration of the defined benefits scheme was transferred to LAPTRUST Administration Services. This followed an implementation of an Electronic Data Management System for the adoption of a paperless office and opening of branch offices within the Eastern Africa region. In the same year, LAPTRUST undertook major diversification.

1.2 Research Problem

According to Kachru (2005), implementing change requires managing strategic change. An aspect of strategic management is the ability to manage strategic change. Change in organizations involves the movement or transformation of some factors which may be tangible or intangible (Cornelius, 2001). Managing change is generally far more difficult than it may at first appear hence the need for reorientation (Mintzberg et.al. 2003). It is therefore no longer adequate for organizations to have strong professional management; they also need good change management (Thompson & Martin, 2010).

LAPTRUST has been implementing change and therefore requires managing strategic change. Faced by turbulent changes from the external environment, LAPTRUST needed to reorient; a situation which comes with its own challenges thus proving difficult in managing the change process. It is therefore crucial that LAPTRUST regards change as an opportunity requiring flexibility and innovation. Hence the leaders and managers should accept the responsibility of driving change initiative and with both a strong professional and a good change management team, align LAPTRUST with the changing environment by effectively managing strategic change.

The institution has undergone a lot of transformation both scheduled and unscheduled. The restructuring process has facilitated formulation of a number of frameworks: new corporate governance structures frameworks, compliance and performance monitoring frameworks and the risk management framework. In 2012, LAPTRUST implemented an Electronic Data Management System for the adoption of a paperless office and the Innovative Knowledge Management System that meant to improve records management for client schemes' members.

LAPTRUST has also realized tremendous growth in the Defined Benefit Scheme which it administers, moving its fund value from Kshs 12.8 billion as at December 2010 to Kshs 17.2 billion as at March 2012 which is a more than 27% increase. In line with the vision of being the leading provider of comprehensive retirement benefits and financial services in Eastern Africa, LAPTRUST has embarked on setting up branch offices within the region. It has been on a mission to unveiled new products and services to the Kenyan market in a bid to meet the needs of its clients.

Kotter (1996), states that for any progressive organization to survive and thrive today, it has to continuously implement and manage change. In 2009, Mitei did a study that sought to establish how strategic change management was being implemented at LAPTRUST. In the findings, change management process is planned with the organization owning it both bottom-up and top-down. Other studies have been done on challenges of implementation of change management in the Ministry of Finance - Pension Department by Agolla (2012), management of strategic change in National Social Security Fund in Kenya by Mulwa (2012), managing change at National Bank of Kenya by Maina (2012) among other studies.

Research studies are yet to be carried out to find out how LAPTRUST has been managing the change process and the challenges the organization is facing since it began implementing strategic change. With the implementation of the new constitution, LAPTRUST is the pension institution for county government and other associated organizations. With this imminent growth, a study to find how the institution was managing strategic change was crucial as it would address the change practices adopted, the challenges experienced. It was a basis to assess the preparedness of the institution on change management. This study sought to answer the following questions: (i) how had LAPTRUST has been managing the strategic change process since it began the reforms and; (ii) what were the challenges the organization was facing in management of strategic change?

1.3 Research Objectives

The research study sought to achieve the following objectives:

- i. To determine how LAPTRUST was managing strategic changes.
- ii. To establish the challenges of strategic change management.

1.4 Value of the study

This study was an important source of information for LAPTRUST management to find out whether it is on track with its change management process and challenges the firm was facing in managing strategic change. It would be a basis for assessing the achievements so far and the capability of the firm to manage the change process following the firm's growth due to a devolved system of governance.

The results of the study were relevant to the counties and central governments of Kenya as they would gain insights into the current performance of LAPTRUST on management of strategic change. Management in the pension industry would gain knowledge about the relevance and importance of managing strategic change which would form a basis for strategy formulation, implementation, evaluation and control. The players in the pension industry would use this research study to assess their performance in managing change.

The results of the study will insights into strategic change management hence contribute to the body of knowledge on strategic change management. It will also provide insight on challenges of managing strategic change in institutions. For students and researchers, this study will build on the existing theories. Students could use the study for topics that cover management of strategic change and the challenges experienced in managing change.

Researchers will benefit from the literature gathered by the study which will guide their investigation in furtherance of the body of knowledge. Researchers will also be able to use this study to conduct research to develop new theories, test existing theories or compare theories hence guide the accumulation of scientific knowledge and suggest new enquiries in managing strategic change.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

In this chapter, organizational change is analyzed within its environmental context. The open systems theory perspective is used to understand the interdependence between organizational parts and between organization and its environment. A comprehensive literature review is presented on the theoretical foundation, management of strategic change, organizational change models, change management principles and practices and challenges of managing strategic change.

2.2. Theoretical Foundation

We are undergoing a second industrial revolution and it will transform every aspect of people's lives. The changes that large corporations used to take a decade to implement now occur in one or two years. Companies that are successful will be designed to thrive on change (Robbins & Judge, 2007). The blending of telecommunication, computer, the internet and one global market place has increased the pace of change exponentially during the first ten years. All business organizations are affected. (Pearce, Robinson & Mital, 2008)

According to Campbell and Craig (2005), systems theorists contend that the most realistic view is to see an organization as a total system which takes into account the most holistic context both inside and outside an organization. In 2012, Gulshan stated that systems approach considers business unit as an open system which has continuous interactions with the external environment for its survival and growth. Open systems can evolve towards a dynamic state and be capable of reacting to external environment changes through changing the structure and the process of

internal components. In order to survive and prosper in a competitive environment, a business organization should be able to adjust its internal strategy to effectively react to external changes (Perry, 2005).

Accordingly Campbell and Craig (2005), contrasted both the open and closed systems explaining that while an open system is one which must necessarily have a high degree of interaction with its environment, a closed system is one in which there is no interaction with the external environment. An open system of any sort has three stages: inputs, conversions and outputs. As such the model includes inputs from the environment, the conversion or transformation of inputs to finished goods and the outputs of those finished goods into the environment.

Open systems have open or porous boundaries that allow feedback exchanges from inside and outside the business. The controllers of open systems pay attention to their external environment, internal environment and customer needs and reactions. It is essential for business to understand their external environment and take steps to cope with the changing environment (Gulshan, 2012).

2.3 Management of strategic change

Turbulent environments are uncertain. If the environment facing an organization is dynamic, the organization will need to have procedures for sensing future environment changes and contingency plans for dealing with a range of possible changes. Therefore, change in business often means a company must engage in a process in which they alter their company for a structured purpose (Kew & Stredwick, 2005).

In 2011, Burke explained “change significantly” as efforts by executives, managers and administrators to turn the organization in another direction, to fundamentally modify the “way we do things”, to overall the structure - the design of the organization for decision making and accountability and to provide organizational members with a whole new vision for the future. Change in organizations involves the movement or transformation of some factors which may be tangible such as computer systems or product portfolio or more intangible such as attitudes and beliefs (Cornelius, 2001).

As change manifests itself in a variety of ways; it does not hold the same connotation across people, situations, and contexts. Times change, people change, situations change and so do organizations (Sharma, 2007). Hiatt and Creasey (2003) stated that during change manifestation employees, the project team and executives have different priorities, different knowledge sets and different motivations. Change brings this different priorities, knowledge sets and motivations together in a potentially volatile mix. In this state, the business enters a period in which the risk of productivity loss, customer dissatisfaction and employee turnover increases dramatically. It is at this critical juncture that change management plays a crucial role for business success. Thus Hiatt and Creasey (2003) defines change management as managing people in a changing environment so that business changes are successful and the desired business results are realized.

Burnes (2004) noted that strategic change involves a radical change in an organization. The mission, vision as well as operations of a given organization change significantly. The success of this type of change is dependent on the overall strategic

management strategy of an organization. Burne (2004) therefore described change management as the application of structured means aimed at leading a company towards a given goal within a given finance and time limit to meet the objectives.

Scheer et.al (2003) defines change management as an organized and systematic application of knowledge, tools and resources for change providing an organization with a core process for achieving its business strategy and staying competitive and responsive in an environment that is constantly changing. According to Hill & Jones (2001), strategic change management is defined as the plans implemented by an organizations with the main objective of the attainment of the overall strategic goals to give the organization an advantage in the market.

Today's business environment requires companies to undergo changes almost constantly and effectively manage the change process if they are to remain competitive. In 2008, Paton and McCalman noted that managing the change process involves the evaluation, planning and implementing operational, tactical and strategic 'journeys'. Hiatt and Creasey (2003) summaries by noting that to survive in today's market place, a business must constantly examine its performance strategy, processes and systems, to understand what changes need to be made. At the same time, an organization must also understand the implications of a new business change on its employees, given their culture, values, history and capacity to change. Therefore, companies that remain successful will be designed to thrive on change (Robbins and Judge, 2007).

2.4 Approaches to Change Management

Nadler and Nadler (1998) assert that there are two main approaches to change management. The planned approach uses pre-determined steps to analyze and implement change. Planned change has been designed as the deliberate design and implementation of a structural innovation, a new policy or goal, or a change in operating philosophy, climate or style (Stoner & Judge, 2007).

Emergent change approach takes the view that many crucial forces for change happen outside the organization and managers must be aware of the environment around them in order to manage change appropriately (Nadler & Nadler, 1998). According to Alvesson and Sveningsson (2008), emergent change involves continuous improvement projects, and spontaneous experimenting and development from lower level managers and employees often seen as characterizing learning organizations.

2.5 Models of change management

Several theorists have contributed to the models of change management.

2.5.1 Models of Planned Change

Kurt Lewin (1946) conceived Action Research as a two pronged process that would allow groups to address the following: first, it emphasizes that change requires action and is directed to achieving this. Secondly it recognizes that successful action is based on analyzing the situation correctly, identifying all the possible alternative solutions and choosing the one most appropriate to situation at hand. Action research proceeds in a spiral of steps each of which is composed of a circle of planning, action and fact-finding about the results of the action (Burke, Lake & Paine, 2009).

Kurt Lewin (1951) conceived of change as modification of those forces keeping a system's behavior stable. Specifically, those striving to maintain the status quo and those pushing for change. To change a state, one can increase those forces pushing for change, decrease those forces maintaining the current state or apply some combination of both. Lewin suggested that decreasing those forces maintaining the status quo produces less tension and resistance than increasing forces of change and consequently is a more effective change strategy. Lewin viewed this change process as consisting of the following three steps: (i) Unfreezing – this step usually involves reducing those forces maintaining the organization's behaviors at its present level; (ii) Moving- this step shifts the behavior of the organization, department or individual to a new level; (iii) Refreezing – this step stabilizes the organization at a new state of equilibrium (Cummings & Worley, 2009).

According to Bullock and Batten (1985), phases of planned change draw on the discipline of project management. This approach consists of four phases. Exploration phase involves verifying the need for change and acquiring any specific resources necessary for the change to go ahead. A diagnosis is completed and actions are sequenced in a change plan. The plan is signed off by management before moving into action phase. Actions are completed according to plan with feedback mechanisms that allow some re-planning if things go off track. Integration phase is started once the change plan has been fully actioned. It involves aligning the change with other areas in the organization and formalizing them in some way via established mechanisms such as policies, rewards, and company updates (Cameron & Green, 2012)

Kanter et.al (1992) Ten Commandments for executing change is of use towards guiding in readiness for change and managing the change process. The commandments include: analyzing the organization and its need for change, creating a shared vision and common direction, separating from the past, creating a sense of urgency, supporting a strong leader role, lining up political sponsorship, crafting an implementation plan, developing enabling structures, communicating, involving people and being honest, and reinforcing and institutionalizing change (Cohen, 2011)

Kotter (2006) argues that change occurs in eight stages. The stages involve: (i) creating a sense of urgency, (ii) pulling together the guiding team by ensuring you have an influential team spearheading the process, (iii) developing a change vision, (iv) communicating the vision, (v) empowering by removing obstacles to change, (vi) creation of visible short term successes by planning for achievements that can easily be made visible, recognize and reward employees involved, (vii) never letting up by using increased credibility to change systems, structures, and policies that don't fit the vision and, (viii) incorporating change into the culture by articulating the connections between the new behaviours and organizational success, and developing the means to ensure leadership development and succession.

2.5.2 Models of Emergent Change

The Processual Approach takes the view that since organizations undergoing change comprise of a number of dynamic states which interlock and overlap, the processes associated with change should be analysed 'as-they-happen' so that their emergent character can be understood within the context in which they take. It is suggested that the timeframe of before, during and after change can be used to breakdown the

complex change process for analytical purpose. Thus, the three general categories advocated include the initial conception of a need for change, the process of organizational change and operation of new work practices and procedures (Dawson, 2003).

James Brian Quinn's Logical Incrementalism theory recognizes that the process of implementing changes in an organization is complex and time consuming. It focuses on the evolution of the change as broad goals are more narrowly defined and adapted. The stages include: general concern where there is a vaguely felt awareness of an issue of opportunity, broadcasting of a general idea without details where the idea is floated for reactions, pros and cons and for refinement, formal development of a change plan, use of a crisis or opportunity to stimulate implementation of the change plan to facilitate rapid acceptance and implementation, and adaptation of the implementation process (Kaila, 2005).

According to Senge (1990), a learning organization is defined as an organization where the people continually expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspirations are set free and where people are continually learning how to learn together. Senge (1990) suggests that organizations need to develop five core disciplines or capabilities: personal mastery, mental models, shared vision, team learning and systems thinking to accomplish some defined goals of a learning organization (Swanson & Elwood, 2001).

2.6 Dimensions of Change Management

Change happens in two dimensions; the business dimension and the people dimension. Successful change happens when both dimensions of change occur simultaneously.

2.6.1 Business Dimension of Change

The business dimension of change includes the typical project elements. It entails identifying the business need or opportunity; defining the project's scope and objective; defining the business solution in terms of new processes, systems and organizational structure; developing new processes and systems; and implementing the solution into the organization (Nandeshwar & Jayasimha, 2010)

2.6.2 People Dimension of Change

Effective management of the people dimension of change requires managing five key goals that form the basis of ADKAR model. ADKAR is an acronym for Awareness, Desire, Knowledge, Ability and Reinforcement. According to Hiatt (2006), all the five elements must be in place for change to be realized. Awareness represents a person's understanding of the nature of change, why the change is being made and the risk of not changing. Desire represents the willingness to support and engage in change. Knowledge represents the information, training and education necessary to know how to change. Ability represents the realization or execution of the change. Reinforcement represents those internal and external factors that sustain a change. (Hiatt, 2006)

2.7 Three Principles of Change Management Model

Wabomba (2010) discusses three principles of change management model. Principle number one in this model is to focus on the first five percent. What to do to gather champions, set expectations, how extensively you engage stakeholders, and how well you paint a picture for people of the decision-making process, will go a long way toward guaranteeing a successful outcome. Emphasis is on the importance to engaging people early on who will be affected by the decision and those whose expertise can be of help.

The second principle focuses on defining the root problem because solutions do not matter unless the problem is defined correctly. Emphasis on a systems approach will help in looking at the reasons why. Very often, the answer lies in looking at what you're doing or not doing. A good start would be the organization's core values. You can make tough decisions look easy if grounded on the core values (Wabomba, 2010).

Lastly in principle number three, find a good and experienced guide to set the tone, keep an open mind, identify key issues, articulate points of agreement, and keep things moving. A guide should offer models and examples from other organizations. The courage to handle uncertainty and adversity is also important, along with a healthy sense of humour (Wabomba, 2010).

2.8 Challenges of managing strategic change

Managing change is generally far more difficult than it may at first appear. The need for reorientation occurs rather infrequently and when it does, it means moving from a familiar domain into a less well defined future where many of the old rules no longer apply (Mintzberg et.al. 2003).

The management methodologies that helped successfully develop enterprises throughout the 20th century are no longer sufficient. Driving results in a world of ever-increasing change requires a new kind of leadership. Most of the time, organizations are overstaffed with managers, but lack enough leadership to help them deal with constant change. When they are formed, organizations are often long on leadership and short on management. The savviest organizations gradually add management capabilities over time while still preserving that spark of leadership that led them to rapid growth in the first place. But inevitably, over time, the most passionate leaders move on to something else, while layers of management build up in their place. Organizations gradually transition to a complacent mentality, where management reigns supreme and leadership is in short supply (Kotter, 2006).

According to Robbins and Judge (2007), when an organization is undergoing rapid change, an organization's entrenched culture may no longer be appropriate. So consistency of behavior is an asset to an organization when it faces a stable environment. It may, however, burden the organization and make it difficult to respond to changes in the environment. Organizations' whose strong cultures have worked well for them in the past become barriers to change when "business as usual" is no longer effective. When a culture becomes mismatched to the environment, management will want to change it. But changing an organization culture is a long and difficult process. Anderson and Ackerman (2010) aptly state that culture change requires a transformation of the entire integrated system. it touches individual mindset and behavior; relationship and team norms and work procedures; the organizations systems, structures, business processes, and technology; and how the organization interfaces with its market place.

As people become accustomed to fixed organizational routines and established habits, their ability to learn and gradually adapt invariably recedes. New business methods or job descriptions are not seen as a challenging opportunity to learn but as an unwelcome interference in the existing system. It can be necessary to break through this psychological resistance to change by imposing a new business system and/or organizational systems on people. Cultural resistance to change: it can be necessary to break through the cultural resistance to change by exposing the organization to a shocking crisis or by imposing a new organizational system (DeWit & Meyer, 2010).

Passenheim (2010) states that people spend seventy percent of their days communicating in one form or another underlining the importance of communication hence a key to a successful project. Poor communication will at its best hinder progress and at worst sink the project. Schein (2010) explains that as leaders facing severe environmental pressures, we are sometimes amazed at the degree to which individuals and groups in the organization will continue to behave in obviously ineffective ways, often threatening the very survival of the organization. As we try to get things done that involve other groups, we often discover that they do not communicate with each other, thus impeding change.

Siayadain (2009) states aptly that change itself is not the cause of resistance. Resistance is caused by how people perceive change. Resistance to change exists in organizational life and leader-managers are also guilty of defending traditional practice and the status quo even in the face of strong counter arguments and the urgent need for change. “We’ve always done it this way” is a frequently heard defense against pursuing innovative change (Stringham, 2012).

Political risk is often conceived of in terms of governmental or sovereign interference with the business operations. Political risk arises from the actions of national government which interferes with or presents business transactions or change the terms of agreements or cause confiscation of wholly or partially foreign owned business property (Kobrin, 1982). According to Brinkerhoff and Crosby (2002), governments change, sometimes dramatically both in terms of philosophy and in style of leadership and operational management. The complexity of policy change creates challenges for coordinating actions at various administrative levels within the government, as well as between government and external partners and stakeholders.

Organizations have to cope with accelerating rate of change on a global scale more than ever before. There is incredible pressure on companies to achieve and sustain competitive advantage. In order to stay competitive within the changing environment, organizations are forced to constantly pursue new strategies to differentiate themselves from their competition such as offering a stream of new products and services (Aurum, 2005). Armstrong (2011) states that the new rules of survival and sustainable competitiveness in a rapidly changing global marketplace demand redefining business visions and organizational agility.

Competitive pressure has pushed business model innovation much higher than expected. Business leaders are seeking and finding new ways to adapt their business models to remain competitive in their current industry or seek growth by entering new industries. Business model innovation is concerned with how the organization should change its business model to improve its performance. Such changes impact on people (Armstrong, 2011).

Trust and integrity in relationship is especially advantageous when dealing with partnerships, joint ventures, and developing long term business relationships with customers, suppliers and sources of funds. Rapid rate of change and today's intense competition pressures for speed, efficiency and flexibility are driving all kinds of businesses to a variety to close working relationships that require foundations of trust, reliability and long term orientation. Commitment to a strategy can give a business a tremendous competitive edge but if commitment leads to inflexibility in the face of economic change, business will suffer (Aronoff & Ward, 1977).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter contains the research design that was used and explains why was used. It also explains the types of data that was collected, how it was collected, the main sources relied upon, and finally how the data collected was analyzed.

3.2. Research Design

The research adopted a case study design in assessing the management of strategic change at LAPTRUST. This was appropriate in that it gave a detailed investigation of a single subject and it involved a complete examination of the social unit emphasizing on depth analysis. Kothari (1990) states that a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breadth of a study.

According to Thomas (2011), the case study method is a kind of research that concentrates on one thing, looking at it in detail not seeking to generalize from it. The importance of a case study is emphasized by Young (1960) who acknowledge that a case study is a powerful form of qualitative analysis that involves careful and complete observation of a social unit, irrespective of what type of unit is under study. The case study method is practicable as it will allow for the investigation of the interaction of changes in the subsystems. It facilitated an understanding of how the organization had managed strategic change and the challenges faced.

3.3. Data Collection

Primary and secondary data was collected on strategic changes in LAPTRUST mandate, policies, strategic plans, physical infrastructure, communication, corporate culture, and employees. Hesse-Biber and Leavy (2011) noted that researchers conducting case studies use more than one method to collect extensive data about the case. Both qualitative and quantitative methods can be employed in a case study and data can be original or pre-existing. Yin (2003) recommends six types of information sources namely; documents, archival records, interviews, direct observations, participant-observations and physical artifacts.

The data was obtained in both oral and written form. Oral data was obtained from interviewing of both upper and middle management levels; the division managers and assistant heads of operations, corporate strategy, finance and investment, business development and customer service, human resource manager, ICT and internal audit division while written data was from official records like reports, newspapers, and management programmes. Generally the data collection tools that were used for this study were an interview guide, content analysis of documents and observation.

3.4. Data Analysis

The content analysis method was used to gain as much insight as possible from the raw data which influenced the results of this research. Content Analysis is a research technique for the objective, systematic, and quantitative description of manifest content of communications (Berelson, 1971). According to Holsti (1969), content analysis is any technique for making inferences by objectively and systematically identifying specified characteristics of messages.

Oral data obtained from interview, observations and written data from content analysis of documents and preserved official records was qualitatively analyzed. The method was used to examine how the respondents understood the subject of management of strategic change at LAPTRUST, how management is undertaking the change implementation process and the challenges being encountered.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter will address the findings of the research study. It will cover the general findings and results of the study, the change management practices, approaches to change management, model of change management, dimension of change management, challenges faced in managing strategic change and discussions of the findings.

4.2 General Information

In the process of assessing the management of strategic change at LAPTRUST, the research study adopted a case study design. Data was collected through the use of an interview guide, content analysis of documents together with observation.

The interview targeted the both the middle and top level management. Majority of the interviewees had bachelors and post graduate degrees, therefore the level of education of the interviewees was high providing high confidence level that they were going to give the right responses to the interview questions and that they qualified to handle complex management issues such as managing change. Majority of the interviewees holding top positions in the organization had been with the organization during the implementation of the strategic changes and were conversant with the change management process.

Whether the organization depended on the environment for its input and output, the interviewees were categorical that the organizations do not operate in a vacuum and had a high degree of interaction with its environment. The changes in the environment affected the operations of the organization, for example change in government regulation and increased competition affected the organization operations and the organization moved with speed to change to cope with the changing environment.

Asked about the change management practices adopted by the institution, the interviewees' responded by highlighting the practices adopted. Some of the practices were: trainings, strategic plans, seminars, team building, consultancy and recruitment. The interviewees' were categorical that the strategic plans, training and performance evaluation tools were instrumental in steering the change process.

4.3. Managing Strategic Change at LAPTRUST

LAPTRUST, while serving the pension needs of the local authorities had been running as a public institution. Enquiring as to what led to the need for strategic change, the interviewees stated that the change in government regulations pushed the pension firm to adapt to the new requirements necessitating it to operate as a company with the need to maximize shareholders wealth hence the need for radical change.

As DeWit and Meyer (2010) states, strategic change is far reaching; it is often automatically equated with radical means and generally needed when organizational rigidity is so deeply rooted that smaller pushes do not bring the firm into movement. If the firm threatens to become paralyzed by these inherited rigidities in the business

system and organizational system; the only way to get moving can be to radically break with the past. LAPTRUST needed to break from the past and channel a new course and therefore strategies were put in place to steer the change process.

4.4 Approaches to Change Management at LAPTRUST

The study sought to establish the approaches to change management adopted by LAPTRUST. The study established that LAPTRUST has been adopting the planned approach to management of strategic change. The results of a study done by Mitei in 2009 on the approach to change management in LAPTRUST indicated that it adopted the planned approach.

While Stoner and Judge (2007) defined planned change as the deliberate design and implementation of a structural innovation, a new policy or goal, or a change in operating philosophy, climate or style; Alvesson and Sveningsson (2008) defined emergent change as one that involves continuous improvement projects, and spontaneous experimenting and development from lower level managers and employees on the floor that are often seen as characterizing learning organizations.

Asked as to what approach to change management the firm adopted, the interviewees revealed that the common used approach was the planned approach to change management but one of the interviewee in the finance and investment division was opposed to that and explained that the approach used is a balance of planned and emergent change considering that there are unscheduled changes that have been implemented. While strategic plans were formulated and signed for implementation, the changes in the environment have necessitated reformulation of other plans and

their implementation to comply with the changes. LAPTRUST has been forced to strike a balance between planned and emergent change due to the need to change to align with the new government regulations, change in governance, necessitating the need to draw strategic plans before the end of the period stipulated in the former strategic plan.

4.5 Model of Change Management at LAPTRUST

In the study, the researcher sought to understand the model of change management adopted by LAPTRUST. According to the interviewees, the need for change is validated by the top management. The top management helps the employees see the need for change and the importance of changing with the changing environment. In consultation with the heads of divisions and departments, a task committee is formed which is engaged with the task of formulating the strategic plan and other projects. The task committee involves key decision makers and field experts. Once formulated, the strategic plan and the projects are commissioned by the managing trustee for implementation and thereafter monitoring and evaluation of performance.

The interviewee in the finance and investment division further explained that there are occasions when they experience unscheduled changes, for example the change in government regulation. The top management communicates the need to address the unscheduled change and a committee is put in place to address the change. Matters specific to the need for change are discussed in view of what impact the change will have on each division and department. This again involves a representative from each division and department who contribute to the task committee.

An action plan is formulated for implementation. Further, the implementation of the planned action is monitored and evaluation is done in line with the changes in the environment as well as the call for innovation by employees from the top management. Coupled with continuous and intense training, viable changes that arise are addressed and formulated for implementation.

4.6 Dimension of Change Management at LAPTRUST

The research study sought to understand the dimensions of strategic change management adopted by LAPTRUST. Research findings indicate that there were both business dimension and people dimension to change management.

4.6.1 Business Dimension of Change Management

The study sought to find out the infrastructural changes, tools and equipment and organizational structure changes that have been put in place as part of implementation of change management process. The interviewees agreed that there have been changes in the physical infrastructure to encourage the smooth flow of operations.

With the expansions of the organization structure by the creation of the new positions in line with the diversification strategy, there has been a need to acquire more office space. The office layout and occupation of office space has been structured to enhance effective communications, confidentiality and efficient operations. The study also established that there was renovation of one of the floors of the building to create space for a banking hall in line with the launch of the new products to the market and those other branch offices had been opened to get closer to the pensioners.

Asked about the tools and equipment, the interviewees were largely in agreement that in pursuit of a paperless office, the organization had purchased computers and scanners and so far had managed to computerize about seventy percent of the operations. The study also established that implementation of IT based management systems through the Enterprise Resource Planning (ERP) which had networked processes across departments required proper back up facility which had been implemented. In the study findings, the branches were also said to be equipped with computers and scanners and ongoing plans were in place to completely furnish the branch offices.

On inquiring about the measures put in place to ensure that the organization structure enhances strategic change management, the respondents gave an extensive explanation of its formulation highlighting that it is made up three divisions: Operations division, Corporate Strategy and Risk division and Finance and Investment division and various departments including the Human Resource and Administration department, information and communication technology, the business development and customer service department, the legal secretarial department and the internal audit department. The ICT department, Operations Department and Business Development and customer service department have been among the changes that have been effected during the implementation of the diversification strategy.

The interviewees' further cited that the organization structure has been very instrumental in enhancing strategic change management noting that within the last two years, the organization had created new posts in some divisions to help drive the change process. Recruiting new employees for the new positions in the institution was crucial to enhance culture change leading to a more expansive organization structure. There was also the need to restructure the organization by the redeployment and

placement of employees based on skills, training and competency; the essence being to align the skills and competencies of the employees with the changing organization. With the implementation of the organization structure, clustering of departments contributed to the need to create express and effective reporting lines. Accordingly, majority of the interviewees agreed that this had enhanced communication within the organization given that the operations were more effectively done.

4.6.2 People Dimension of Change Management

The study sought to establish the method adopted in management of the people dimension of change. Various ways had been adopted by the management including communication, trainings, consultations, culture change and monitoring and evaluation.

Asked about how the management communicates the required change to other management levels, majority of the interviewees cited that the organization uses the top down approach to communication more often in relaying of information to the employees whereby the information cascades down to all members of staff. The interviewees explained that the top management vibrantly communicates the need for change to the entire organization which is done by laying down the performance objectives highlighting what the organization intends to do. In addition, the management encourages open door policy; continuous meetings with the managers as well as the monthly breakfast meeting chaired by the managing trustee with all the employees intended to update them on key developments and performance of the organization.

Enquiring on the means of communication adopted by the organization, one of the interviewee in the Human Resource department passionately expounded by stating that, communication of executive directives involved the use of internal memos, letters, notices and emails. The interviewee also cited that incorporation of intranet into the communication had hastened communication and ensured that there were lesser delays in relaying of information, formulation of policies, attending into needs of the employees as well as customers, and that it was also used as a performance evaluation in detection of lags in communication.

A look at the measures adopted by the organization to promote innovation, the interviewees cited that employees communicated their ideas to the departmental heads which are discussed and passed on to the top management if viable. The interviewees revealed that consultative meetings with the different management levels were held to discuss ideas and effects of any imminent change. This is done by appointing a task committee that is solely purposed to address a particular matter. Through participatory forums, the task committee presents its findings for discussion to the management thereon the management formulates the way forward. The task committee encourages innovation by seeking the input of the lower level management in terms of offering solutions to the day to day challenges and problems encountered.

The study also sought to investigate whether the organization held training forums for employees to facilitate strategic change. In the findings, it emerged that LAPTRUST engages the employees in continuous training programmes to ensure that the employees are adapting to the need for strategic change and to counter resistance to change. The interviewees mentioned that the institution had been sponsoring them to

undertake diploma and degree classes while also enrolling them for workshops and seminars. Respondents in the Human Resource department explained that there was need to understand the required skills and competencies and had therefore been undertaking training needs assessment which were critical in assessing training programmes required and competency gaps in the organization. The interviewees attested to having attended several team building courses while some of the interviewees had several other training programmes that they were yet to attend by the end of the year.

To gather whether the culture of the organization was aligned to strategic change, the study sought to find out measures LAPTRUST had adopted. Interviewees in the Human Resource department stated that changing the culture of an organization was an uphill task. The interviewees revealed that the institution had endeavored to provide a means of appreciating the work done by other departments by having top management level employees work for at least one hour at the lower management level to understand and appreciate what the lower level employees do and the experiences they go through thus encouraging team work.

They also revealed that each week the Human Resources department had been communicating a culture change theme for the week by displaying a message e.g. “In my shoes” on each of the employees computer screen. There were revelations that LAPTRUST also engages other firms in consultancy services to gauge the need of culture change in the organization and its impact on performance thus giving an independent opinion of the culture situation in the institution and advice on the need for culture change.

The study sought to find out the mechanisms used by management to evaluate the level of change in the organization. All the interviewees were in agreement that the balance score card was usually used as a performance evaluation tool. The interviewees stated that the institution uses this tool to set objectives for each employee and thereon evaluate individual employee performance based on the objectives which have been signed into a performance contract. Upon evaluation, the human resource department sets policies to ensure compliance by rewarding the employees who comply and punishing those who do not achieve the set objectives.

4.7 Challenges faced in Managing Strategic Change at LAPTRUST

The research study sought to investigate the challenges that LAPTRUST encountered in managing strategic change. The interviewees attested to having experienced challenges in management of strategic change. Majority of respondents cited insufficient funds, competition, resistance to change, culture change and challenges arising due to devolution to county governance.

To establish whether constraints in financial resources was a barrier to management of strategic change, all the interviewee agreed that strategic change management is expensive since it involves heavy financial expenditures to attune the organization to the required change. The interviewees highlighted that the organization had been allocating available resources in phases due to the need to prioritize. The interviewees in the finance and investment division explained that they have been using the strategic plan to formulate work plans and in turn budgets for the allocation of resources. Accordingly, change required by various departments has been rescheduled in line with the budgeted resources based on allocation and prioritization

of the change needs. In embarking on the process of setting up branch offices within the region, and to be able to achieve a personalized relationship with the pensioners, the interviewee stated that the challenge of financial resources emerged yet again and hence the institution had to do a cost-benefit analysis to make informed decisions.

To establish whether the presence of business competitive pressure was a challenge to management of strategic change, majority of the respondents were in agreement that business competitive pressure was a challenge being faced during the change management process. With the need to remain on top of the game, LAPTRUST needed to diversify its operations to ensure that the institution was maximizing the wealth of its pensioners. Again, the interviewees cited the presence of competitive pressure from new entrants into the market as well as existing pension providers providing new products to lure pensioners to themselves.

The study sought to establish the impact of culture in managing strategic change. The study established that LAPTRUST had been undergoing radical change and the entrenched culture was no longer appropriate since the consistency of behavior was no longer an asset to the organization. The interviewee cited that the culture of LAPTRUST operating as a public institution had been a barrier to the organization because it brought inefficiencies. The majority of the interviewees cited that strategies put in place necessitating culture change within the organization had to be adopted to assist the employees in the changing situation. One of the interviewee highlighted that recruitment of new employees from the private sector as well as sharing of skills by seconding members of staff to private institutions to get a feel of how the private sector operates were some of strategies adopted.

In establishing whether resistance to change was a challenge in managing strategic change, the interviewees stated that though measures have been taken to counter resistance to change, it had been a challenge in management of strategic change. For the new recruits, the interviewees state that there was culture shock having moved from the private sector while existing members of staff were finding it difficult to comply with the new ways of doing things as directed by the new management team that had been put in place. The interviewee stated that redeployment, review of policies and reapplying for jobs for existing employees led to fear of loss of employment which stoked resistance to the change management process.

The majority of the interviewees agreed that there is general fear of the unknown due to the rapid changes that the organization is undertaking citing that the implementation of the paperless system and the ERP system are some of the changes that have brought about fear. The study also established that there is also great fear within the organization due to change in policies as evidenced by their unwillingness to disclose information including information already in the public domain. The interviewees cited that they have signed confidentiality clause and were afraid of disclosing information citing that the information could be used against them which would be detrimental to the individual employee.

Asked whether government regulations and political interference posed a challenge in managing strategic change, one of the interviewee cited that following the implementation of the new constitution whereby leadership was devolved to the county government from the national government, LAPTRUST as the pension institution for county government and other associated organizations has been facing

a lot of uncertainty during this period. This is due to the implementation challenges that have been cropping up while implementing the new constitution. The interviewee cited that the conflict between the national government and the county government poses a challenge to LAPTRUST and some decision making will depend on resolution of such conflict between the two levels of government.

To establish whether lack of sufficient skills posed a challenge in managing strategic change, the interviewees cited customer education and adaptation as a major challenge. Though education and training on the changes had been provided to the employees, the adoption of the paperless office strategy is yet to be understood by the pensioners who are accustomed to the hardcopy outputs. To educate the pensioner and other shareholders of the benefits of adoption of the changes is an uphill task based on cost and the massive areas to be covered in the country. Accordingly, the interviewees cited that adoption of the new way of doing things will take a while before the pensioner become fully accustomed to the changes.

4.8 Discussion

Several similarities were noted from the findings that LAPTRUST employed and those from past studies. Kotter (1996) stated that for any progressive organization to survive and thrive today, it has to continuously implement and manage strategic change. Similarly, as noted in research findings of other organizations, LAPTRUST does not operate in a vacuum but continuously interacts with the external environment for its survival and growth (Gulshan, 2012). Since LAPTRUST does not have control over all the environmental forces, it therefore has to undergo radical changes almost constantly if it is to remain competitive. Accordingly, LAPTRUST had to manage

strategic change which is defined by Hill & Jones (2001) as the plans implemented by an organization with the main objective of the attainment of the overall strategic goals to give the organization an advantage in the market.

Similar to other organizations facing rapid change, LAPTRUST has been forced to strike a balance between planned and emergent change approach to management of strategic change. With the new government regulations in force and change in governance, LAPTRUST needed to change to align with the changing environment and thus redrew a new strategic plan before the lapse of the strategic plan period in effect. The human resource department has been undertaking training needs assessment, continuous and intense training programmes to bridge skills and competency gaps that arise. Coupled with increased encouragement for innovation and implementation of new ideas, LAPTRUST has been improving continuously.

Nandeshwar and Jayasimha (2010) states that the business dimension of change entails defining the business solution in terms of new processes, systems and organizational structure; developing new processes and systems; and implementing the solution into the organization. Similar to other research findings, LAPTRUST restructured the organization to align it with skills and competencies; it refurbished the office space and purchased tools and equipment that were put in place to ensure effective and efficient operations. Restructuring of the institution was necessitated by the diversification strategy leading to creation of new positions. LAPTRUST has adopted an expansive organization structure to cater for the different functions of each department ensuring which is more flat than tall. Redeployment and placement of employees was also adopted to steer the change process and enhance performance.

The study finds that LAPTRUST had diversified to increase the revenue base of the organization by introducing new products into the market to improve its market share and maximize the pensioners' wealth similar to findings of other organizations' strategies.

In management of people dimension of change, LAPTRUST adopted ADKAR model developed by Prosci to manage the people aspect of change. By creating awareness of the need for change; developing the willingness to support and engage in change; providing information, training and education necessary to know how to change; executing the change and reinforcing the factors both internal and external that sustain change, LAPTRUST has been able to steer the change in the right direction (Hiatt, 2006). A top-down approach to communication, encouraging innovation, culture change, training forums, performance evaluation have seen LAPTRUST manage strategic change.

Similar to findings in past studies, training programmes play a major role in management of strategic change. Findings of this study indicate that intense training programmes were incorporated in the balance score card and the employees were subjected to various trainings throughout the year. Training needs assessment was also done by the human resource department to evaluate the skills and competences required and make recommendations for training to the top management. Team building courses were also incorporated in the training programme to encourage working in teams to promote better performance. LAPTRUST has therefore taken measures to ensure adequacy of skills and competencies of its workforce.

The study also finds that the middle and top management level hold consultative meetings to discuss matters arising that would lead to top management decision-making. The management encourages participation of all the concerned departments which would be represented through participatory forums. Top down approach to communication was most prevalent though there was encouragement from top management to communicate new ideas and innovative ways of performing in respective divisions and departments. The top down approach can be quite effective at the unfreezing and refreezing stages to change management but it ignores the intervening behavioural and socio-cultural process of transition hence people may obey the new system but also informally organize efforts to subvert it (Nandeshwar & Jayasimha, 2010)

LAPTRUST was noted to have faced similar challenges such as negative culture, insufficient financial resources, political interference and resistance to change. From the study, resistance to change is a challenge that LAPTRUST faced and had to deal with. The employees have been subjected to fear of the unknown due to the rapid change that has been instituted in the organization. There is also the challenge of having to change the culture of the organization from one of a public institution to a private institution. The challenge of customer education and adaption is still predominant and the cost involved is high amidst insufficient financial resources. The citation of implementation of devolution challenges poses slow decision making at LAPTRUST based on the conflict between the national government and the county governments.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presented a summary of study findings, conclusions, recommendations, limitations experienced during the research study and suggestions for further research.

5.2 Summary

The main objective of the study was to determine how LAPTRUST is managing strategic changes and to establish the challenges of strategic change management. Based on the findings in the previous chapter, the main change management practices adopted at LAPTRUST were strategic plans, trainings and seminars, participatory communication, team building and recruitment of new employees to steer the change process.

To determine how LAPTRUST has been managing strategic change, according to the findings of the study, the institution has been communicating the need for change prevalently using the top bottom approach. Intensive training programmes and team building have been implemented to develop the necessary skills and competences required. The organization structure has undergone major changes in pursuit of the most ideal structure to steer the organization to the required change. To encourage contribution from the members of staff, LAPTRUST has adopted consultation in form of participatory forums and consultations with external organizations. The adoption of strategies like sharing of skills and competencies and seconding of staff with private organizations has been instrumental in encouraging culture change.

From the research finding, managing strategic change has not been without challenges for LAPTRUST. Challenges faced include insufficient financial resources, resistance to change, business competitive pressures, uncertainty brought about by conflict between national government and the county governments, pensioners' education and adaptation to the changes in the organization.

5.3 Conclusion

The study concludes that LAPTRUST has been managing strategic change through the implementation of change management practices. Employee intense employee training, seminars, workshops, and team building are some of the change management practices that have been instrumental in steering strategic change.

Top down approach to communication was crucial to managing strategic change and it proved to be quite effective providing quick and speedy implementation. Major changes in the organization structure involving recruitment greatly influenced the implementation of strategic change by encouraging culture change. Though there were challenges arising in managing strategic change it was not detrimental to the implementation of the change process.

It has clearly come out that the institution's success in its change management strategy has been associated with the quality of competency in all levels of management. Increased training, competence and the organization's policy of recruitment of personnel into management positions drove the success of the strategic change. It is therefore concluded that LAPTRUST is capable of managing change following the firm's growth due to a devolved system of governance.

5.4 Recommendation

For LAPTRUST to counter the challenges of managing strategic change it is facing, it needs to address resistance to change caused by fear of loss of jobs and fear of the unknown due to the rapid changes in the organization. The top management needs to win the trust of the employees for the employees to own the change management process. Communication is vital in winning the trust of the employees' and the need to strengthen communication will ensure that information flows effectively between decision makers and implementer.

To counter the business competitive pressures, LAPTRUST has been addressing competition by diversifying. In addition, consideration could be given to Ansoff corporate growth strategy matrix focusing on the firm's present and potential products and markets. LAPTRUST should consider taking the services closer to the customers to create an image for their products and change the already existing perception that the organization is a pension organization for local authorities and associated organizations. Emphasis should also put on pensioners' education and adaptation to the changes in the organization to increase acceptance.

5.5 Limitation of the Study

The researcher encountered problems with respondents unwillingness to be interviewed citing that they have signed a confidentiality clause with the management and were afraid of disclosing information citing that the information granted would be used against them. Securing appointment with those who were earmarked to be interviewed was a challenge while others were either too busy, had little time to spare or assigned their assistants to do it on their behalf.

The adoption of the paperless office was also a challenge on the basis that the respondents were unable to provide information citing that they lacked access to the information because they did not have access rights. Access to information became a challenge and reliance was placed on the answers to the interview questions as well as information sourced from the some reports. Limited time and cost were also constraints experience during data collection.

Data collected was qualitative in nature and therefore the researcher was required to analyze this data using content analysis. The method is subjective and involves a lot of decision making which can lead to different conclusions by different researchers while analyzing the same data.

5.6 Area for Further Research

The researcher suggested the need for a detailed survey on management of strategic change in the pension industry. The challenges faced in management of strategic change and the measures adopted to counter the challenges in the pension industry would be addressed.

Further research is also recommended for a detailed case study analysis of LAPTRUST following the implementation of the new constitution. Due to the conflict between the national government and the county governments, implementation of the constitution is still ongoing hence further research is suggested once the county governments become fully operational.

5.7 Implication on Policy, Theory and Practice

The study contents with other systems theorists that the most realistic view is to see an organization as a total system taking into account the most holistic context both inside and outside an organization. Thus it's essential for organizations as open systems with porous boundaries to understand their external environment and take steps to cope with the changing environment. This study will assist in developing new theories, testing existing theories or comparing theories hence guide the accumulation of scientific knowledge and suggest new enquiries in managing strategic change.

The contributions of this research study are relevant to the counties and central governments of Kenya in providing insights into the current performance of LAPTRUST on management of strategic change as a pension company. For the pension industry, this study will provide insight on the relevance and importance of managing strategic change which would form a basis for policies on strategy formulation, implementation, evaluation and control to the management in this industry.

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APPENDICES

Appendix I: Interview Guide

PART ONE: Background information

- a) What is the position held in the organisation?
- b) What is your level of education?
- c) For how long have you worked with the organization?
- d) Does LAPTRUST depend on the environment for its input and output?
- e) What change management practices (e.g. trainings, seminars, workshops, consultations, mode of communication, team building, directives, strategic plans, recruitment etc.) are adopted by LAPTRUST?

PART TWO: Managing Strategic Change at LAPTRUST

- a) What lead into the need for strategic change for LAPTRUST?
- b) What approach to strategic change management has LAPTRUST been adopting?
- c) What measures has LAPTRUST taken to ensure that the necessary infrastructure, tools and equipment are availed to the employees to ensure proper implementation of change management?
- d) What measures have been put in place to ensure that the organisation structure enhances strategic change management?
- e) In the relaying of information, how does the management communicate the required change to other management levels?
- f) What measures has LAPTRUST adopted to ensure that the culture of the organisation is aligned to strategic change?

- g) What measures has LAPTRUST taken to ensure that the required level of skill and expertise is available in implementing strategic change?
- h) How does LAPTRUST plan and budget for expenses e.g. training, seminars etc. related to change management?
- i) How does LAPTRUST hold consultations with the management levels to discuss imminent change?
- j) How does LAPTRUST plan the need to hold training forums for employees to facilitate strategic change?
- k) How does LAPTRUST encourage working in teams and team building?
- l) What mechanisms are used by management to evaluate the level of change in the organisation?

PART THREE: Challenges in management of strategic Change

- a) Has LAPTRUST encountered constraints in financial resources when managing strategic change?
- b) Has LAPTRUST encountered any problems with the leadership when managing strategic change?
- c) Has there been proper or lack of communication in relaying information to the concerned department in management of strategic change?
- d) Would you consider lack of appropriate technology as a challenge in management of strategic change?
- e) Has lack of sufficient skills posed a challenge in the management of strategic change at LAPTRUST?
- f) Would you consider the presence of business competitive pressure a challenge to management of strategic change?

- g) Has there been resistance to change from the employees in managing strategic change?
- h) Are there any government regulations that have posed a challenge in the management of strategic change at LAPTRUST?
- i) Would you consider social cultural issues to influence the level of change required?

Appendix II: Introduction Letter

The Respondent,

P.O. Box,

Dear Sir/Madam,

Re: Request for Research Data

I am a postgraduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) program. My research project topic is 'Management of Strategic Change at Local Authorities Pension Trust'. The purpose of the research is to find out how LAPTRUST has been managing strategic change. The attached interview guide has been designed to help the researcher gather data from the interviewee with respect to this purpose. You have been identified as one of the interviewees. The information sought is purely for academic purposes.

Yours Truly,

Student,

Muendo, Susan