APPLICATION OF KEY SUCCESS FACTORS AS A BASIS OF CHANGE MANAGEMENT BY UCHUMI SUPERMARKETS LTD IN KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER, 2013

DECLARATION

This project is my original work and has not been presented in any other university or institution of higher learning for examination or any other purpose.

Signature..Date.......................................

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

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ACKNOWLEDGEMENTS

As I come to the end of this enlightening chapter, I take this opportunity to acknowledge with sincere gratitude the support and contribution of each and every one who made the successful completion of this project possible. In particular, many thanks go to my supervisor, Eliud O. Mududa for his patience reading through my drafts, providing invaluable professional guidance and advice, in addition to suggesting workable alternatives. To my Moderator, Professor Martin Ogutu and all the lecturers who took me through the MBA studies, my profound appreciation too, to you.

Unreserved gratitude also goes to the Uchumi Supermarkets Ltd's Group C.E.O. and line Managers for Human Resource, Finance and, Marketing and Corporate Sales respectively for their cooperation and making data collection for this Research Project possible. Finally, and above all, quite importantly, I thank the God Almighty for His grace and everything.

God bless you, abundantly.

DEDICATION

I dedicate this work to my beloved departed father, and the entire Machira's family, with love. To Mum, your encouragement and prayers will forever be cherished.

ABSTRACT

The study was based on Uchumi Supermarkets Limited, in Kenya. It sought to explore the extent to which Key Success Factors (KSFs) have been adopted and applied by Uchumi Supermarkets Ltd in its change management practice, with a focus on its turnaround and growth process. The study also involved a look at key challenges encountered by the supermarket in its application of KSFs in its change management programs. The study adopted a case study research approach. The study population consisted of the senior management cadre. A purposefully selected sample of four senior managers that included the Company's Group C.E.O., Finance Manager, Marketing and Corporate Sales Manager and the Human Resources Manager was picked for the study. Primary data were then collected through personal interview using interview guide and analysed using content analysis. The study findings revealed that Uchumi supermarkets adopted and applied KSFs as important elements in formulation and implementation of their change management strategy and programs. The study found that change strategies and programs were crafted in such a manner that the appropriate KSFs were incorporated into the change process to aid success of the change programs. Application of KSFs as basis of change management was found to be critical since KSFs were important components of strategic planning and a means for the organization to focus and validate important activities, initiatives and projects. The study established that the company relied on both the industry and organizational KSFs to build and nurture key competences over time in its turnaround and growth process. In addition, the study revealed that application of KSFs in change programs also had inherent challenges. To surmount those challenges, the firm required to have the capacity and competences in the adopted key success factors. In lieu of such competencies, the company needed to build such capacity and competencies in the process of implementing the desired change.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organisations exist to fulfil their primary objective of maximizing the wealth of owners through maximizing profits (Hirschey, 2009). However they operate in a complex and volatile environment which is always changing. Consequently, the ever changing environment presents organisations with opportunities, challenges and threats (Mintzberg and Quinn, 1988). Thus, they should be able to respond to the changing environment by adapting change management strategies and programmes that maximize their chances of survival and guarantee high performance.

Organisations are experiencing many different types of change driven by global competitive pressure, rapid technological changes, management fads and desire for organisations to stay competitive (Balogun and Hailey, 2008). Initiating and managing change has therefore become an integral part of the organisational management. Studies however, indicate that many change programs initiated in response to change, fail. Managing change requires strategy as it is only through pursuing a commonly understood strategy that organisations can achieve consistency in the decisions they make and execute over time, across the organisation to achieve organisation objectives. The success of any organization development and change intervention, and indeed any strategy depends on identifying and monitoring key success areas embedded in change intervention as well as anticipating and responding promptly and effectively to arising challenges.

The study explored change management at Uchumi Supermarkets Ltd, with a focus on application of key success factors, and the arising challenges in their application. Uchumi Supermarkets Ltd is the Kenyan premier supermarket. It has been involved in implementing its turnaround programmes after running into operational and financial downturn in 2000s, leading to eventual shut down in 2006.

1.1.1 Concept of Strategy

The term strategy connotes long term planning for achieving long-term goals. With roots in military it has gained wide application in organizational management hence it has become an integral part of management practice across all organizations. According to Pearce and Robinson (2007) strategy refers to managers' large scale future oriented plans for interacting with the competitive environment to achieve firm's objectives. Thompson et al (2010) support this view and define strategy as the management's game plan for running the business and conducting its operations. Johnson, Scholes and Whitlington (2005), view strategy as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfil stakeholders' expectations. Mintzberg (1999) introduced the 5Ps for strategy. To him strategy is plan, ploy, pattern, position, and perspective.

All these definitions portend divergent views on strategy. It is agreeable however, that strategy focuses on the long term desired future of the firm. It defines the vision, mission and objectives of an organisation and commits managers to dedicate effort,

time and resources toward realisation of organisation's objective. Strategy helps define the scope and direction of operations for an organisation and assists in establishing that strategic fit between the organisation and the environment for effective achievement of the organisational objectives.

1.1.2 Organisation and the Environment

Organisations exist as open systems. They operate within the environment from where they secure inputs which they internally configure into output for the environment. They affect and are affected by the environment, hence they are environment dependent. Organisational environment can be internal or external to the organisation. The internal environment consists of the firm's technology, processes, financial position, human resources, and structure among others. It reflects firm's strength and weaknesses. The external environment comprises the remote, the industry and the operating environment. It comprises all the conditions and forces that affect firm's strategic options but are typically beyond its control. It therefore, provides opportunities as well as poses threats to the organisations.

The external pressures that confront the organisation affect the way it manages its internal operations. It is important therefore for the firm's strategic managers to correctly identify changes in the external environment and evaluate their impacts so that they can draw up or amend their plans to ensure long term viability of the organisation. This requires constant scanning of the environment for changes as well as making strategic decisions, choices and competitive moves to ensure the firm remains self-aligned to the environment. Matching the organisation with the

environment entails crafting and executing of strategy, planning, commitment of resources, and controlling which is the essence of strategic management practice.

I.1.3 Industry Environment

An industry can be viewed as a group of firms that produce or offer products or services that are close substitutes and usually competing in the same market segment. The industry environment comprises the industry structure as shaped by what Porter (1980) calls the five industry forces. The five forces that a firm has to content with include competitive rivalry among the existing firms, threats of new entrants, threat of substitute products or services, the bargaining power of buyers and the bargaining power suppliers. The five competitive forces determine the industry profitability and therefore its attractiveness.

Attractiveness refers to overall industry profitability. According to Porter (2008), the resultant nature of rivalry arising from the five forces defines the industry structure and shapes the competitive interaction within the industry. Change in any of the forces requires that the firm strategic managers reassess their business units in light of these changes to ensure that they remain competitive and guarantee above average return on investment. It is important for managers to understand the nature of industry environment so as to formulate effective business positioning strategy. Focusing on and confronting the competitive forces, and exploiting them for the benefit of the firm is crucial for firm's profitability and survival in a competitive industry.

1.1.4 Key Success Factors (KSFs)

Every industry has strategic areas which every firm in that industry should be aware of and concentrate its focus on, in order to compete effectively and excel in the industry. These specific areas are referred to as industry success factors. An organisation should be able to identify these areas and build their strategies around them. The concept of success factors was elaborated into key success factors by Rockart (1982) who defined key success factors as the limited number of areas in which results, if satisfactory will ensure the successful competitive performance of the organization. According to Birnbaum (2000) key success factors are those most important factors to the success of an organization. They can be specific skills or talent, a competitive capability or something a firm must do to satisfy customers. They are a source of competitive advantage.

Key success factors exist in the industry as well as in the organisation. They form the basis of firm's strategy and are integral part of change management. Success of change strategy and supporting programmes depends on the ability of the implementers to identify, embed and manage key areas in their strategy that aid performance and achieving of set objectives. These factors may be technology; marketing capabilities, low cost, access to specific resources, finance, product quality, customer service, and employees' morale among many others in the industry (Thompson and Strickland, 2007; Pearce and Robinson, 1997). Others are identified to include organisational culture, stakeholders' politics, leadership, teamwork and resistance to change. KSFs are critical components in formulation and implementation of strategy to compete in any industry.

1.1.5 Change Management

Change refers to a transition from one state to another with a focus of being different. Organizational change can be planned or emergent and can be effected at both strategic and operational level. At the strategic level, change involves fundamental changes in the business of the organization and its future direction. Hill and Jones (2001) have defined strategic change as process of moving an organization away from its present state towards some designed future state to increase its competitive advantage. Operational change focuses on operational excellence and ensures that organizational activities are performed in the best manner possible.

Change management can be defined as use of systematic methods to ensure that an organization change can be guided in a cost effective manner and completed within the targeted time frame and desired results (Davis and Holland, 2002). Todd (1999) views change management as a structured and systematic approach to achieving a sustained change in human behaviour within an organization change. Organizational change entails moving from the known to unknown which results in uncertainties. Hence, people and organizations do not generally support change unless there are compelling reasons to persuade them to do so (Cummings and Worley, 2009).

1.1.6 Retail Chain Industry in Kenya

Retail industry forms part of the fragmented industry. Kotler (1993) defines retailing as comprising all the activities involved in selling goods and services directly to the final customers for personal, non-business use. Supermarkets are part of the retailing industry.

In Kenya, the supermarket market segment comprises hundreds of small-to hyper-markets located across the country but with a bias in major towns and established and upcoming middle class estates. A supermarket refers to a large, low-cost, low-margin, high volume, self service store that offers a wide variety of food, laundry and other household products (Kotler, 1993). The retail chain industry consists of hundreds of upcoming and established retail chain stores in the urban and peri-urban centres. However, the industry is dominated by a few large family owned or corporate retail chain stores such as Nakumatt, Tuskys, Ukwala, Naivas and Uchumi Supermarkets. These dominant players target cities and other large towns and the ever growing middle class as their market niche. They trade as corporate chain stores each having two or more company controlled outlets, stocking and selling similar lines of products in different locations in the same towns or across the country. Some like Uchumi and Nakumatt have extended their operations to the neighbouring countries, Uganda, Tanzania and even Rwanda.

Over the last two decades, the retail chain sector in Kenya has witnessed phenomenal growth. However as the industry grows, entry of new players has brought with it stiff competition. Besides, retail customers have become sophisticated in terms of tastes, preferences and choices, informed by forces of globalisation, urbanisation and improved incomes especially among the emerging middle class. This has altered the nature of market demand. The supermarkets have responded by upgrading their operations to meet the growing demands of the market. To stem competition, attract and retain formidable loyal customer bases, some have invested heavily in branding, advertising and modernised their stores as well as broadened and deepened product lines, offering elegance and comfort into the one stop shopping concept, in ways not

experienced there before in Kenya. The retail industry is a key sector of the economy and huge contributor to the national economy through employment creation, offering markets for local industries and farmers, and revenue to the Government.

1.1.7 Uchumi Supermarkets Ltd

Uchumi Supermarkets Limited (UCHUMI) is the oldest supermarket in Kenyan. It's a public limited company incorporated in 1975 by Industrial Commercial and Development Corporation (ICDC), Kenya Wine Agencies Limited (KWAL) and Kenya National Trading Corporation (KNTC), both Government corporations. The first three branches were opened in 1976. Initially it was managed under contract by Standa SPA of Italy who provided management services and trained Kenyan personnel for eventual take-over of running of the company. In the 1990's, Uchumi introduced the hypermarket concept in Kenya, which has since become a runaway success. In 1992, it became publicly listed company at the Nairobi Stock Exchange.

In early 2001, Uchumi initiated a five year expansion strategy aimed at enhancing shareholders value by opening new stores in Nairobi and Mombasa, and a regional expansion programme designed to transform Uchumi into an East African leading retail chain through specialty shops programme. The strategy failed leading to financial and operational difficulties fuelled by weak internal controls. This resulted in a marked decline in the company's resources, which culminated in its inability to meet its obligations as an ongoing concern leading to eventual closure on 31st May 2006. It was placed under receivership by the Debenture Holders on 2nd June 2006

and had its listing on the Nairobi Stock Exchange (NSE) suspended the Capital Markets Authority (www.uchumicorporate.co.ke/).

Through a restructuring program agreed upon by the Government of Kenya, debenture holders and suppliers, Uchumi Supermarkets re-opened on 15th July, 2006 under Specialized Receiver Manager (SRM) and an interim management plan (Uchumi Rescue Plan). The plan entailed injection of 675 million by the Government and debt rescheduling by the lending banks, Preferential Trade Area (PTA) Bank and the Kenya Commercial Bank (KCB). It also involved converting some of the debts to equity to relief the retail chain of financial pressure. Under the Uchumi Rescue Plan (URP) which emphasised 'reinvented Uchumi for turnaround', the retail chain store was able to revive and return to profitability and growth. The lending banks in turn lifted the company's receivership in 2010 and the company was successfully re-listed in the Nairobi Securities Exchange on 31st May 2011.

Uchumi today, is one of the largest retailing companies in the country, operating 20 branches in Kenya (14 in Nairobi, 6 up country branches that is Karatina, Kericho, Embu, Nakuru, Meru and Eldoret), 4 branches in Uganda (3 in Kampala and 1 in Gulu) and 1 branch in Dar Es Salaam, Tanzania. Currently the retail chain has a six member Board of Directors. The senior management comprises the Group C.E.O., company secretary, Finance manager, marketing and corporate sale manager, human resource manager, internal audit manager, security services manager, country manager Tanzania, and country manager, Uganda. (www.uchumicorporate.co.ke/).

1.2 Research Problem

The turbulent and unpredictable nature of business environment implies that even as the economic outlook of organizations appears to brighten, the fact remains that many organizations can no longer operate as usual. Hofer (1986) observes that at some time in their history, even the most successful organisations are often faced with stagnation or decline in performance. In the past recent decades, the magnitude and pace of change across the globe has escalated forcing organizations both, private and public to respond to those changes in different ways to ensure they fit in with the turbulent environment (Mbogo, 2003). Studies however, indicate that the rate of success for change management programmes is minimal. In support of this observation, Balogun and Hailey (2008) note that 70% of major corporate change programmes that are launched, fail. Patton and McCalman (2000) attribute such failure to resistance to change, mismatch between strategy and organisational culture, and failure by both the management and the employees to follow change management practices effectively.

Uchumi Supermarkets has been implementing it restructuring program and in the process its turnaround strategy has successfully managed to revive the retail chain, return it to profitability and growth. This brings to the fore the interest in why some organisational change management programs excel whereas others fail. Pearce and Robinson (1997) advocate for focus on key success factors. According to them key success factors are those factors that identify the performance areas that are of great importance in implementation of the company's strategies and must therefore receive continuous attention from the management.

Many studies have been carried out in Kenya with regard to KSFs. Atika (2007) looked at the Critical Success Factors in minibus dealers industry in Kenya and identified quality, customer care and financial image of the firm as success critical factors in that industry. Musyoka (2010), Owuoth (2010) and Kahaso (2012) respectively studied KSFs in multinational pharmaceutical companies in Kenya, in commercial banks issuing credit cards in Kenya, and KSFs for micro-finance industry in Mombasa and identified the various KSFs. Muchira(2007) carried out a study on 'Corporate financial crisis: An anatomy of Uchumi Supermarkets Stores in Kenya(2000-2006)'. His focus was financial crisis at Uchumi which then was facing operational and financial problems. In his study, Gitau (2010) looked at critical success factors adopted by tertiary colleges and based his study on the Institute of Advanced Technology.

From the various studies and literature reviewed, no structured literature was found specifically focused on application of key success factors (KSFs) as basis of change management by Uchumi Supermarkets Limited and the attendant challenges in its turnaround programs. Hence, there was a need to carry out a study on this area. This study thus, sought to explore the question: to what extent has Uchumi Supermarkets Ltd, Kenya adopted and applied key success factors as a basis of change management?

1.3 Research Objectives

The objectives of this study were:-

i. To determine the extent to which Uchumi Supermarkets Ltd. had adopted and applied key success factors (KSFs) in its change management.

ii. To determine how adoption and application of such KSFs have influenced change management and turnaround of Uchumi Supermarkets Ltd.

iii. To establish the challenges involved in applying the KSFs.

1.4 Value of the Study

Change management is specific to organisational situation (Balogun and Hailey, 2008). However, the general principles of management apply in all firms. As such, this study would be important to change management practitioners who can use the findings of the study to enhance understanding on application of key success factors in change management in their companies or future change assignments. Uchumi management would benefit through documenting of their change management and its success factors and challenges. In the final analysis, the study may provide lessons on managing organisations in crisis.

The study findings can be of use to policy makers and government agencies for lessons on restructuring of public enterprises or even the civil service to make them relevant and responsive to the needs of the people. This may inform development of better policies or enriching of the existing ones to ensure success in restructuring of public enterprises. Researchers and academicians can also use the findings of the study to broaden their knowledge and identifying further gaps in research on key success factors and their application in change management in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers literature review. It provides a framework for discussion of change management. It explores in details the concepts of strategy, organisation and environment, industry environment, and key success factors as basis for successful change management. Theoretical framework on change management is also discussed with a focus on restructuring/ turnaround strategy.

2.2 Concept of Strategy

Every organisation requires deliberate effort to ensure its survival in the competitive business environment. Managers therefore need to have a strategy on how to compete, grow, respond to changes, position or refocus their organisations in order to achieve set objectives. The term strategy elicits different views. Burnes (2004) defines strategy as plan of action stating how an organisation will achieve its long term objectives. Strategy can be defined as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfil stakeholders' expectations (Johnson, Scholes and Whitlington, 2005).

Mintzberg (1991) observes that human nature insists on a single definition for every concept, but strategic management cannot however afford to rely on single definition of strategy. He introduced the 5Ps for strategy. To him strategy is a plan, ploy, pattern, position, and perspective. Strategy as a plan refers to a consciously intended course of action to deal with a situation. As ploy, it connotes a specific manoeuvre

meant to outwit an opponent or competitor. As a pattern, strategy is a stream of actions. It emerges from the organisation's course of action. Strategy as a position is a means of locating the organization in the environment. As a perspective, strategy refers to the way an organisation perceives the world in which it operates. It represents the shared view of the organisation's mission Mintzberg (1999). Many other scholars present closely related views on meaning of strategy.

Whereas there are divergent views on meaning of strategy, it is agreed that strategy aims at achieving the desired future and objectives of an organisation. It provides direction and the scope of organisations actions through setting of vision, mission and objectives as well as committing managers to dedicate effort, time and resources toward realisation of organisation's objective. Strategy thus is a tool for establishing that strategic fit between the organisation and the environment for effective achievement of the organisational objectives.

2.3 Organisation and the Environment

Organisations exist and operate within the environment from where they get inputs to which they add value through internal processes to produce goods or offer services in the market. They are environment dependent, affecting and being affected by the environment they serve. Organisational environment can be internal or external to the organisation. The internal environment consists of the firm's internal capabilities as defined by its technology, processes, financial capabilities, human resources, structure, and leadership style, among others. Depending on how best any of these

attributes contribute to performance of the organisation, in achieving its objectives, they reflect the organisation's strengths and weaknesses.

The external environment comprises the remote, the industry and the operating environments. The remote environment comprises all the political, economic, socio-cultural, technological, ecological and legal factors that affects the operations of the organisation but are beyond its control. The operating environment includes the firm's stakeholders-the owners of the firm, employees and their lobby groups, customers, creditors, suppliers, government agencies and the society. It represents various interest groups for an organisation. The external environment consists of all the conditions and forces that affect firm's strategic options but are typically beyond its control. It presents organisations with opportunities.

The organisation environment is complex and dynamic. It keeps on changing creating challenges and threats to firm's survival. Similarly, the changing environment creates business opportunities that a firm can exploit to achieve competitive advantage and excel in the market. For any organisation to succeed, and excel, its strategic managers must be able to identify these opportunities and use the firm's internal capabilities to exploit the opportunities for its benefits. The firm should in equal measure effectively deal with its weaknesses and the threats from the environment to ensure its long term viability. Hence there is need for constant scanning of the environment for opportunities and threats and making strategic decisions, choices and competitive moves to ensure strategic fit between the organisation and the environment. Matching the organisation with the environment involves formulation and execution of strategy.

2.4 Industry Environment

The industry environment refers to the industry structure as shaped by market competitive forces. Porter (1980) identified five industry forces which influence Industry's attractiveness and which firm have to contend with to remain competitive and make profit and survive the competitive marketplace. These include degree of rivalry among the existing firms, threats of new entrants, threat of substitute products or services, the bargaining power of buyers and the bargaining power supplier. The interplay of these five forces determines industry profitability and therefore its attractiveness. Industry attractiveness refers the overall profitability of the industry. The more intense the competition, the less likely a firm will make above average returns, hence the industry become less attractive.

Porter (2008) argues that the five forces drive competition and productivity and, ultimately profitability. Therefore, understanding the competitive forces and their underlying causes reveals the factors behind an industry's current profitability while providing a framework for anticipating and influencing competition and profitability in the long run. Understanding of the nature of industry environment is crucial in formulation of effective business positioning strategy and exploiting the competitive forces for firm's benefits and survival in a competitive industry.

2.5 Key Success Factors (KSFs)

Every industry has strategic performance areas which firms in that industry should be aware of and concentrate their focus on, in order to compete effectively and excel in the industry. These performance areas are referred to as industry key success factors.

In change management, KSFs underpin organisational competences and how they are incorporated and applied strategically to ensure success of the change programs. Understanding KSFs is critical as they drive strategy for any company. They are considered as important components of strategic planning and a means for organisation to focus and validate important activities, initiatives, and projects. According to Leidecker and Bruno (1984) identifying KSFs is an important element in development of a firm's strategy as well as being an integral part of strategic management. KSFs are therefore critical in formulation and implementation of strategy to compete wisely in any industry.

Rockart (1982) defined key success factors as the limited number of areas in which results, if satisfactory will ensure the successful competitive performance of the organization. They are the few areas of activity in which favourable results are absolutely necessary for a manager to meet his goals. Organisations are said to be successful if they are achieving their set objectives, meeting or exceeding their target profit, gaining market share or experiencing growth. Organisations succeed when they have strategies with actionable plans and goals and are effectively exploiting their success factors to enhance performance and achieve those goals. These success factors could be rare resources, innovative capacity, superior products and marketing capability, specific skill or talent, competitive capability or something a firm must do to satisfy a customer.

Kotler (2000) explains that organisational success factors emanate from the core competences that an organization develops and nurtures over time and are source of competitive advantage. According to him, core competences are the core resources

and capabilities that make up the essence of the business. Core competences make significant contribution to perceived customer value, have potential span of applicability to a wide range of markets, and are difficult for competitors to copy. Thompson and Strickland (1995) indicate that KSFs are those things that mostly affect the ability of industry members to prosper in the market place. They refer to those strategy elements, product attributes, resources, competencies, competitive capacities and business outcomes that spell the difference between profit and loss.

According to Thompson and Strickland (2007) critical success factors vary from industry and even from time within the same industry as driving forces and competitive conditions change. They identify the most common types of KSFs across the industries as technology related factors, manufacturing, distribution, marketing, and skills and capability. Others include patent protection, strong balance sheet, and access to financial capital, overall low cost and convenient locations. Pearce and Robinson (1997) contend that KSFs for service industry include product quality, customer service, and employees' morale, competition, cost control, product performance against specifications, marketing and, expansion of product line. Others have identified organisational critical success factors as including culture, stakeholders' politics, leadership, teamwork and resistance to change (Thompson, 1997; Oakland, 1993; Anisoff and McDonnel, 1990; Rose and Lawton, 1999). Identification of KSFs is a critical aspect of strategy formulation and execution. By identifying the industry and organisational success factors, managers are able to envisage the ideal strategy for attaining competitive edge in an industry. That way, they can develop strategies that enable them built competitive advantage and beat their rivals to the market.

2.6 Change Management

According to Huczynski and Buchanan (2001) change is one of the most pressing issues facing organisations, their managers and employees today. So because, organisations face a stream of unrelenting pressures from global competition, social and demographic trends, shifts in government policy, geo-political events and changing technologies. Adapting to the ever changing present is vital for success in the unpredictable future. This requires positive attitude to change.

Change refers to a transition from one state to another with a focus of being different. It arises out of need to exploit existing or emerging opportunities and to deal with threats in the market. Change can be effected at strategic and operational level of the organisation. In their contribution to change debate, Hofer and Schendel (1978) define strategic change as change in the context of a firm's strategy as defined by its scope, resource, developments, competitive advantage and synergy. However, as Cummings and Worley (2009) observe, organizational change entails moving from the known to unknown creating uncertainties of change benefits for the people and organization. Thus change strategy needs to capture and address those fears to enlist support within an organisation and overcome resistance to change.

Change management can be defined as use of systematic methods to ensure that an organization change can be guided in a cost effective manner and completed within the targeted time frame and desired results (Davis and Holland 2002). Adopting a behavioural approach, Todd (1999) views change management as a structured and systematic approach to achieving a sustained change in human behaviour within an organization change. Due to uncertainties, fears and disruptions associated with

change, people and organisations do not readily accept change, unless the perceived benefits are clear to them. Effective change management thus requires motivating commitment by creating readiness for change and overcoming resistance, creating a vision, developing political support, managing the transition and sustaining momentum (Cummings and Worley, 2009). Success in change programmes requires leadership and inspired, dedicated and inspiring followers as well as satisfied customers. Heller (1998) argues that dissatisfied customers will look for other suppliers. Unsatisfied employees-effectively internal customers will work poorly or leave. Managing change requires skills, commitment, and effective leadership.

The demand for change arises out of various causes, either internal or external to the organisation. Decline in performance and profitability may arise out of poor management, excessive debt burden with interest costs that cut deeply into profitability, poor strategic or resource fit, poor cultural fit for some businesses and ill-chosen acquisitions that perform below expectation (Thompson et al, 2010; Singh, 2009). Pearce and Robinson (1993) identified economic recession, production inefficiencies and innovative breakthrough by competitors as other factors that lead to organisational decline. Managers of organisation facing operational or strategic problems can adopt grand strategies for managing organisations such as restructuring, divestiture, liquidation or turnaround (retrenchment) strategies to salvage the organisation and maximize owners' value.

Turnaround also referred to retrenchment as adopted by Uchumi Supermarkets is followed during periods of decline of a business when it is thought it has a chance of revival and return to profitability (Singh, 2009). Turnaround is accomplished through

cost reduction or asset reduction or both. This requires redefining of a firm's business and may involve divestments of major product line or an SBU, abandoning some markets or reducing its functions in pursuit of lean business. It may also involve a partial or total withdrawal either of products from markets or functions in one or more of a firm's business (Singh, 2009). Recovery is said to have been attained when economic indicators show that a firm has regained its pre-downturn performance levels of change interventions Pearce and Robinson (1993).

Successful restructuring has almost always been supported with change in top management. New managers provide new ideas, raise employees' morale and facilitate drastic actions such as deep budgetary cutting programmes. With some exceptions, about 95% of cited successful turnarounds have been accompanied by change in top management (Kami and Ross, 1973; Schendel, Patton and Riggs, 1976). This is true for Uchumi where change management has been under stewardship of Dr. Jonathan Ciano, a strategic receiver manager and a turnaround specialist.

2.7 Models of Change

Models of change provide a theoretical perspective into organizational change. Many scholars and change management practitioners have advanced different models for managing change. However, all these models, broad or narrow in variations as they may be, can be classified as either planned or emergent change models. Planned change models present organizational change as a process of moving from one fixed state to another through a series of pre-planned steps. This represents a conscious and

deliberate effort as opposed to change that come about by accident, impulse or that might be forced on an organization (Marrow, 1969).

Lewin (1947) in an attempt to distinguish between deliberate change and accidental change introduced a 3 step model of change. This model captures change as happening through the unfreezing stage, moving/transition stage and finally refreezing. Building on Lewin's work on planned change, other models have evolved. From analysis of 30 other models of planned change, Bullock and Batten (1985) introduced a four phase model of planned change that include exploration phase, planning phase, action phase and the integration phase (Carnall, 2007). Kanter and others (1992) introduced the Ten Commandments for executing change which highlights 10 steps.

Kotter (1996) advanced an 8 step model of planned change. The steps entail establishing a sense of urgency, forming a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision, planning for and creating quick wins, consolidating improvement and producing still more changes, and institutionalizing new approaches. Kotter considers these steps as success factors in effective change management. Cummings and Worley (2009) introduced the general model of planned change which consists of four phases namely; entering and contracting, diagnosing, planning and implementation of change, and evaluating and institutionalising change. The institutionalizing phase precisely corresponds to Lewin's refreezing stage where the acquired change is integrated into the organisational practices.

Emergent change is viewed as a continuous, dynamic and contested process that emerges in an unpredictable and unplanned manner as organisations align and realign to the changing environment. Weick (2000), states that emergent change consists of on-going accommodation, adaptations and alterations that produce fundamental changes without prior intensions to do so. Dawson (1984) proposes that change occur as organizations try to respond to changes in the environment and in a processual manner. Quinn (1978) in his theory of logical incrementalism argues that managers consciously and proactively move forward but incrementally. Senge (1990) in his learning organization model posits that organizations do not suddenly adopt strategic change. They perpetually seek change.

The study adopted the planned change approach that advocate that change is a conscious and deliberate effort. The restructuring of Uchumi broadly adopted planned change approach. The Kotter's Eight Step- together and Cummings and Worley General Models of planned change best capture change management at Uchumi. The entering and contracting phase is crucial for the change agent to get preliminary view of the organisation problem and engage with the management. Subsequently, urgency for change, creating a powerful coalition as well as developing and sharing the vision form an important foundation for effective managing of change. Although these theories of planned change can be dismissed as being over simplistic since change, when it occurs, does not occur in a linear, logical manner, they nevertheless provide a basis for addressing change. While none of the divergent models of change presented by different scholars present the one best way to effect change, they all provide tenable basis for conceptualizing the process of change and designing effective change programmes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter has covered the various steps involved in execution of the study to achieve the study objectives. The steps include research design, population of interest, data collection instruments and procedures, and data analysis.

3.2 Research Design

The study employed a case study research design. A research design is an arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kathori, 2007). The purpose of research design was to facilitate the smooth sailing of various research operations thus making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money. A case study is a form of qualitative analysis that involves a careful and complete observation of a social unit; be that a person, a family, an institution, a cultural group or even the entire community (Kathori, 2007). The advantage of using a case study is that it enables an in-depth understanding of behaviour pattern and facilitates intense study of the concerned unit.

3.3 Data Collection

Data in this study was collected from the top management at Uchumi Supermarkets Limited Headquarters. The top management for Uchumi comprises the Group C.E.O, Company Secretary, Finance Manager, Marketing and Corporate Sale Manager,

Human Resource Manager, Internal Audit Manager, Security Services Manager, Country Manager Tanzania, and Country Manager, Uganda. For purposes of this study, the Group C.E.O., Finance Manager, Marketing and Corporate Sales Manager, and Human Resource Manager were the respondents. These officers are the most in the know of strategy in the Uchumi retail chain, based on their portfolios.

Primary data was collected through personal interviews of senior managers using interview guide. Some secondary data was collected from company financial statements, annual reports, performance reports, and website and brochures to enrich reliability of the study by collaborating information provided by the respondents. This was an important approach as a case study requires several sources of information be used for purposes of verification and comprehensiveness (Cooper and Schildler, 2001).

3.4 Data Analysis

Considering the qualitative nature of the study, and anticipated responses as per the interview guide, data was analysed using content analysis. This type of analysis was appropriate in that it does not limit respondents on answers and have the potential of generating more information with much detail. Mbogo (2003) and Nyamweya (2004) applied this method and are of concurrence that this approach is useful in gaining better insight into what even is assumed to be known.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the study findings as well as data analysis. The data was analyzed using content analysis and presented in summarized form. The findings were interpreted to give meaning to the information/data collected and assist the researcher extract the relevant information to answer the research question and make appropriate conclusion.

4.2 Response Rate

The researcher carried out the study at Uchumi Supermarkets Ltd targeting the top management. Specifically, the targeted respondents were the Group C.E.O., the Finance Manager, the Marketing and Corporate Sales Manager and the Human Resources Manager. The researcher managed to interview 3 people, that is, the Finance Manager, the Marketing and Corporate Sales Manager and Human Resource Manager. The Group C.E.O. on account of exigencies of duty delegated the co-ordination of the interviews to the Human Resource Manager. The response rate was therefore three (3) out of four (4) representing 75%.

4.3 Data Analysis and Results Presentation

The study findings indicated that Uchumi Supermarkets has been implementing various changes in its restructuring/turnaround and growth process. Most of these changes have been company-wide in support of the restructuring programme, ensuring that the supermarket achieves its vision to be the Supermarket of choice in

East Africa, meeting its financial obligations as well maximizing the shareholders' value.

According to the respondents, the major drivers of change for the Uchumi Supermarkets included socio-demographic trends, globalization of markets, competition, economic changes and technological changes. Need for change was identified through market research. Once need for change was identified, on average, minor changes were found to take between 1-6 months and major changes between 7-9 months. In general, all the respondents agreed that the success of Uchumi reconstructing /turnaround and growth strategies under the Uchumi Rescue Plan has been very good. This was collaborated by the fact that, the retail chain that went under in 2006, leading to eventual shutdown, has been able to revive, and return to profitability, has had its receivership lifted and been relisted to trade in the Stock Exchange. The company has been growing, opening more branches in the country and in the other East African Countries – Tanzania and Uganda and plans for Rwanda are under way (www.uchumicorporate.co.ke/). Its market share was found to stand currently at 28%.

4.3.1 Adoption and Application of Key Success Factors (KSFs)

When asked whether the company considered and incorporated KSFs when formulating and implementing change strategy in their turnaround and growth process, the respondents strongly indicated that KSFs formed a basis of change management in the company. The study found that Uchumi in its change strategy formulation and implementation adopted and applied both industry and organizational

key success factors as a basis of success in their turnaround and growth strategy/ change management.

An analysis of responses provided by the respondents established that the company adopted and applied a number of industry KSFs in its restructuring and change programs in order to aid their performance and success. Availability and access to financial capital to support successful implementation of the change process was one of the KSFs. The retail chain business was found to require high level of liquidity for it's highly cash transactions. In addition, the company had to not only to consider source of finance for its daily operations, but also to pay its creditors and suppliers and support their revival and growth programs. The state of the company's balance sheet also received attention as a critical success factor. This was important in that a health and strong balance sheet reflected financial health of the company. To the company, a healthy balance sheet was important to inspire investors' and other stakeholders' confidence.

The respondents identified marketing of Uchumi brand to increase its visibility and positioning, attract customers, and build and retain customer loyalty as other KSFs in their turnaround and growth programs. In addition, there was choice of convenient locations to attract customers and create competitive advantage, stocking of wide range of product lines to capture the imagination of their customers and satisfy customers' tastes and preferences as well as adoption of technology as an enabler of business and improvement of performance. Information Communication Technology (ICT) was used to enhance efficiency and accountability for instance through introduction of online procurement and enhancing sales through online sales. The

company was also alive to need to understand their competition and craft appropriate competitive strategies in an attempt to regain and grow their market share. Offering quality service to their customers was also found to be adopted KSFs in that attracting and retaining customers to support survival, revival and growth phases depended on how satisfied their customers were with their service and products.

In addition to these industry key success factors, from the internal organizational perspective, other factors considered critical were the morale of their employees. Maintaining a motivated staff was important for the company change programs as motivating of employees ensured support for change and enhanced performance. Managing of stakeholders' interests and politics was also considered a key factor for success of the company's change program. Without support of the company's creditors, suppliers, Government and other shareholders, customers and employees' support and effectively managing of their interests, it would have been difficult to implement the restructuring programs.

Others applied KSFs included ensuring that the organisational culture and structure were adaptable to change. This was made possible by ensuring flexibility of how things were done in the company to give room for the introduced change programs. The company also ensured effective management of internal conflicts of interest to avoid or minimize resistance to the introduced change programs. It also gave a strong focus to teamwork and cross-functional/departmental cooperation and support in addition to strong leadership through- out the change process. This was ensured at first through change of top management and putting the company under specialized

receiver manager who eventually took over as the Supermarket's Group Chief Executive Officer (C.E.O.).

Ultimately, developing and sharing of a clear and inspiring vision for the Supermarket was a key factor for success of the company's turnaround and growth programs. This was necessary to give a sense of purpose and direction for the change process. Finally, the respondents also identified effective communication across the company as having been key factor in aiding operations and monitoring change progress in the Uchumi Group of Supermarkets.

4.3.2 Rating of the Applied Key Success Factors

When asked what factors were very critical for success of the Uchumi turnaround and growth strategy, the respondents rated highly access to and availability of financial capital as well as a healthy balance sheet, ability to market the Uchumi brand of merchandising, managing competition with other retailers in the market, offering and maintaining high quality of customer service to ensure customers satisfaction, attraction and retention, and offering a wide range of products and services/ breadth of product lines on offer to customers.

In equal measure, the respondents rated as highly critical the need for a clear, shared and inspiring vision for the Supermarket and effective communication of information within the company, teamwork driven by cross functional support and cooperation among departments and teams, effective leadership and focus on the company's goals, motivating of staff and improving their morale, stakeholders' support for the

company's change initiatives, as well as flexibility of the corporate culture and structure which they noted to be highly adaptable to introduction and nurturing of change.

On the other hand the respondents, on average indicated that though important, convenience of location was moderately highly critical as key success factor to the Uchumi turnaround and growth programs. However, the respondents indicated that location was an important consideration for locating new outlets in order to guarantee shoppers.

4.3.3 Application of the Adopted KSFs to Influence Success of the Turnaround and Growth Strategy

Accessibility of financial capital was very critical to ensure success of the turnaround program. This was achieved through infusion of ksh.675 million from the government, conversion of debts into equity and debt restructuring to ease off financial obligation pressure in the initial stages of the turnaround. On return to profitability, however, the company was found to internally finance its day to day operations, while financing its growth strategy sometimes through right issue, cross listing and loans. In pursuit of strong balance sheet, the company has continuously cleared its debts with creditors, while growing equity through sale of shares gaining a tidy balance sheet. That way, it has been able to create confidence for investors and other stakeholders.

Uchumi Brand was found to be a strong brand in Kenya and East Africa commanding a 28% of the market share. Building on Uchumi popularity, the company has bolstered marketing through advertising which consume about ksh.160 million per year, rebranding, corporate social responsibility (CSR), national pricing policy, locating their stores within convenient reach of buyers. By undertaking/applying these brand positioning strategies, Uchumi was able to quickly reposition itself as a supermarket of choice, aiding its recovery, winning back and attracting new customers, and growing its market share.

The strong Uchumi Brand makes Uchumi a well-known retail chain providing the supermarket with a competitive advantage which made it easy to assail the market once there retail chain reopened its stores. The subsequent growth through opening of new stores, in Kenya, Tanzania or Uganda was supported strongly by the strength of the Uchumi as a brand in the market. Initially, the adapted slogan was 're-invent Uchumi for turnaround'. Hence the brand Uchumi was exploited greatly for repositioning and building customer loyalties and growing market share.

On the other hand, the marketing department has used advertising to attract and retain customers. The company devotes approximately kshs.160 million for advertising. In addition it uses CSR as a promotional strategy supporting education through Christmas promotion in support of paying school fees for needy students, supporting health campaigns, and environmental conservation through tree planting campaigns. Consequently giving back to society creates firm's loyalty and has been used as a means for free market research on brand knowledge, pricing and product mix.

In pricing which is component of marketing mix, the Supermarket pursues a national pricing policy where one price is charged for all products in all Uchumi stores. Apart from ensuring customers enjoy comparative pricing in all Uchumi Supermarkets, this ensures customer loyalty wherever such customers may be, stabilizing the market share.

Uchumi Supermarkets also stock a range of product lines. They have five (5) broad product lines ranging from general merchandise, to textile, foods, non-food, groceries and services. While this provides variety, the broad product lines also provide convenience of one stop shop under one roof for the customers. The supermarkets are also located in choice locations to ensure convenience of customers' reach and in some cases to capture impulsive buyers.

Competition was found to be one of the drivers of change for the company. Uchumi according to one respondent sees competition as a fair and healthy game. The supermarket competes as equals with other supermarkets, offering its products and services first to satisfy customers, secondly to beat their competitors. This, they support by offering wide range of quality products, exciting Christmas promotions to enhance loyalty, year round redemption of loyalty points and stock market trading to grow both shareholders and customer base.

The supermarket has adopted technology to aid its operations. For example, in sales and marketing, the company has adopted e-sales/business to improve sales by helping customers' access services anywhere, any time. To improve efficiency in procurement, the company has adopted online procurement system in processing of

local purchase orders (LPOs). Thus, the retail chain has relied and continues to rely on adoption of technology as a key enabler of business.

Customer service quality has been a major key success factor under consideration in the change process. Quality of customer service was rated highly as one of the main key success factors for the turnaround and growth of Uchumi Supermarkets by all the respondents. The supermarket chain has been offering quality products at affordable/ fair prices in convenient locations. In addition, it retains manned customer care desks in every outlet as well as on-line and phone customer care service. In addition, to maintain customer loyalty, the retail chain has introduced U-card which help offer discounts to card holders, fair prices, exciting Christmas promotions and listing on the stock market to enable customer own a share of the supermarket.

The success of Uchumi's turnaround and growth program depended on employee morale. To enlist confidence and built competences for the employees, trainings and capacity building were done through seminars and workshops, demonstrations and talks/speeches by change expert. The employees were also highly involved and participated in the change programs. Performance and innovation were rewarded through salary increases and promotions. The employees also have a pension scheme to enhance staff welfare benefits. Motivating the employees was important for the company to retain or avoid turnover of the skilled and talented staff who could easily join other competing retail chains.

The major stakeholders were found to be the government, corporate and individual shareholders as well as the customers and the employees of the company. The supermarket continued to pay their taxes in full and in time as well as adhering to government regulations on issues of taxation, labour relations, and capital markets regulations. In addition, it has built good working relations with its creditors by meeting its debt servicing obligations, and declaring dividends for shareholders. Internally, for any arising conflicts among individuals and /or groups team leaders held brainstorming sessions as well as consultative meetings to create understanding and built consensus. Thus, by dealing effectively with the interests of company's stakeholders, the company was able to manage politics of change and create a powerful coalition. This was necessary for stakeholders' support for the turnaround and growth initiatives as well as to overcome resistance.

The company's culture was rated by the respondents as being quite highly adaptable to change. The company thus ensured that any change program benefited from the flexibility of the company's culture to ensure accelerated implementation as resistance was thus minimized.

The supermarkets organizational structure was also noted to be highly adaptable to change. This was important in that structure /strategy fit was important for success of any strategy or change initiative introduced. The retail chain has a mixed organizational structure. This comprised functional/departmental and geographical structures, which take care of individual supermarket outlets within the country and those in the neighbouring of Tanzania and Ugunda. Though the organizational structure is highly formalized and vertically integrated, operational latitude exists to

enable the various functional areas, divisions and outlet managers to effectively delivery on targets.

The Uchumi organization structure is more of an organic structure with managers presiding over operations in their core functional areas. For instance, the Supermarket has a specific functional manager for finance, marketing, and human resource managers, respectively among others. Uganda and Tanzania, operations are headed by individual managers within the Supermarkets' top management. The flexibility of the company's structure afforded the managers independence in decision making and action in support of changes being implemented.

The retail chain's vision of being the supermarket of choice in East Africa has been propelled through ensuring that individuals working in the company understood and shared that vision. Sharing of the vision was used to cultivate unity of purpose and provide the direction Uchumi had committed to take, to realize its objectives. The respondents indicated that the supermarket's vision was usually very highly shared between the top and middle level managers, top and lower level managers, and generally across the organization among other employees. Newly employed employees were found too to be brought to the attention of the company's vision. By sharing one vision for everybody, it was possible to rally those charged with responsibilities to focus on, achieving that vision. The company's operational, marketing, and financing functions were thus fashioned to ensure success of the company's turnaround, profitability, and growth in market in the bid to positioning the company to be the supermarket of choice in East Africa.

Throughout the change process, the company maintained a high level of communication throughout the organization as well as with other stakeholders-financiers, suppliers, and customers (through intensified advertising). The enhanced and effective communication within and with outside the company was important to sustain momentum of change, articulate achievements, capture the challenges, indicate direction and elicit more support.

Resistance to change was noted to be minimal but through sharing of vision, effectively communicating and effective leadership, the company was able to master the art of moving together in unison. Where conflicts arose, team leaders were called upon to resolve the arising issues. Brainstorming sessions were held to ventilate on the matter. By doing so, resistance to change was brought to bare minimum. Ultimately, those individuals irreconcilable with changes could voluntarily leave.

In enhancing success of their change management, the retail chain also ensured that there was close cross functional/departmental support and cooperation to enhance teamwork. The strategic managers ensured that there was strong cross functional support and cooperation among departments usually through strategic meetings and implementing the agreed actions. This helped in achieving unity of purpose and therefore enabled each department to deliver on its mandate, creating synergy as an engine change and progress.

4.3.4 Major Challenges Encountered in Application of the Adopted KSFs in the Uchumi Change Management/Turnaround and Growth Strategic Process

The study established that ensuring liquidity to support the highly liquid operations of the retail chain business and support growth initiatives was a challenge in the initial stages of the restructuring program. However, with the success of the Uchumi Rescue Plan, operations and most of the growth initiatives became self-financed with other sources of capital being share trading, rights issue and securing of loans to support long term programs. Achieving a steady and promising balance sheet was not easy to achieve due to accumulated debts to creditors and suppliers, but the company has been pursuing balance sheet restructuring measures to ensure the company has solid asset base and ensure it is able to withstand market shocks.

Competition has been stiff in the retail-chain business both from existing and upcoming retailers. The low barrier to entry implies new small and large competitors are always entering the market. However, for their business to grow, Uchumi treats competition as a healthy challenge. Competition could however turn unhealthy as some competitors undercut prices to gain competitive edge. Also the non-direct import policy pursued by the supermarket implies that some other competitors may have pricing advantage due to low cost arising from bulk import hence economies of scale which result to competitive advantage for rival firms.

Choice of outlets site was sometimes a challenge. For the Supermarket, choice of location is determined by availability of space, size of target market or number of customers, their needs and ability to buy (purchasing power) as well as the strategic direction of the company (lease or build or buy decision).The main challenges in

locating retail business for Uchumi were competition for existing premises, where some competitors undercut their efforts by offering better rates per square metre of floor space, congestion whereby some towns had very many existing supermarkets and retail shops making it difficult to find strategic premises and reducing market attractiveness due to high competition as has been the case for Nakuru, and lastly absolute lack of appropriate type of premises in terms of capacity.

Customer satisfaction and retention like for any other businesses has been a major area of concern. The competitive nature of retail chain market, yet usually commodities on offer are lowly differentiated presents a major challenge in customer retention. The customers' demands, preferences and choices are always changing and becoming sophisticated. To remain competitive and win and retain customers, the supermarket has had to be market oriented, investing heavily on research and advertising.

4.4 Discussion of Findings

The study findings indicated that Uchumi Supermarkets adopted and applied KSFs as important elements in their restructuring/ change management process. Key success factors as defined by Rockart (1982) are those limited number of areas in which results, if satisfactory will ensure the successful competitive performance of the organization. Uchumi's strategic managers appeared to be conscious of certain critical factors that they had to focus their attention on, continuously in order to succeed in their change programs. The managers departmentally continuously applied these success factors, to build competitive advantage and excel in their change programs.

To succeed in the market, the company required to identify those performance areas that were critical for competing in the retail chain industry. In addition they had to ensure that they excelled in such areas so as to build competitive advantage over rival firms. Continuous monitoring/attention on the performance in those critical elements were important to ensure surprises in the market did not hinder progress as intended. The industry success factors important and key for pursuit in support of Uchumi's turnaround were capital to support operations, revival and growth, marketing which was necessary for brand positioning, managing competition, and quality customer service to create a formidable customer base. In addition, expansion of product line to cater for the fledging customers tastes, preferences and sophistry, convenience of customer's outlet reach, adoption of technology to enhance efficiency as well as maintaining a healthy balance sheet were over time considered as key factors in eventual success of change at Uchumi.

Success of change management however, could not only be guaranteed through adoption or application of these identified industry KSFs alone. The readiness for change for the Uchumi Supermarkets was critical. This required a relook at those key success factors within the company internal environment itself. Such factors involved the morale of the employee, the politics of change surrounding the restructuring process, flexibility of culture and structure to ensure strategic fit, as well as leadership style and structure. Also considered was the issue of synergy which involved issues of teamwork, participation and involvement of staff, and cross functional support and cooperation throughout the change process.

In the final analysis and most critical, developing and sharing of the company's vision were noted to be quite important alongside effective communication. Sharing of company's vision was critical for creating unity of purpose and providing direction. The need for new leadership to bring in new ideas, and create urgency for change was also important. This was addressed through putting the company under strategic receiver management. Change in top management as was done at Uchumi to support change and ensure success of the organizational change programs is a common practice in restructuring/change management process (Kami and Ross, 1973; Schendel, Patton and Riggs, 1976). Reorganization of these factors internal to the company was key to ensuring introduced change produced desired results within the expected timeliness.

These study findings support Leidecker and Bruno (1984) views that identifying KSFs is an important element in development of a firm's strategy as well as being an integral part of strategic management. KSFs as indicated by Thompson and Strickland (1995) are those things that mostly affect the ability of industry members to prosper in the market place. Uchumi was found to give critical consideration for these KSFs in its change strategy formulation and implementation. By adopting and applying industry KSFs, in the change management programmes, the supermarkets were able to initiate, support and excel in its turnaround and growth programs. Success of change was however not premised on doing one thing right or excelling in one single success factor. They had to be right in all the identified performance areas both, internally and externally, a pointer for need for scanning the environment.

Application of the identified KSFs alone, were found not to be a guarantee for success of the company's change management programmes. There were challenges in that the company lacked competitive advantage in some of the KSFs. For instance the company was found to have had operational and financial difficulty necessitating need to first build capacity in financing in order to succeed in supporting operations and expansion. Similarly, managing competition required adapting competitive strategies that overtime could create sustainable competitive advantage like choice of location, pricing policy, customer reward schemes and CSR.

Satisfying and retaining customers takes time. So is the case of creating customer loyalty which required effort, investment and time. For the supermarkets to gain momentum and succeed in its turnaround and growth programs, identifying the key success areas for quick wins was paramount. Effective applying of and focusing attention on these success factors was the major determinant of failure or success of their change strategy. This required ability to anticipate challenges effectively and timely addressing them to ensure that the restructuring program remained on course and ultimately managed to achieve its objective of reviving the company and putting it on the path to profitability and growth.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter covers summary of the findings, conclusion of the study as well as the recommendations, and limitations of the study. In addition, it suggests areas for further research and the study implications on theory, policy and practice. The study was based at Uchumi Supermarkets Limited, in Kenya. It sought to explore the extent to which KSFs have been adopted and applied by Uchumi Supermarkets Ltd in its change management practice with a focus on its turnaround and growth process. The study also involved a look at key challenges encountered by the supermarket in its application of KSFs in its change management programs.

5.2 Summary

In exploring whether Uchumi supermarkets adopted/applied KSFs as important elements in formulation and implementation of their change management strategy and programs, the study findings revealed that the Retail Chain considered and applied KSFs in their change management programs. They craft their change programs in such a way that they incorporated KSFs in aid of success of these change programs.

Application of KSFs as basis of change management was found to be critical since KSFs are important components of strategic planning and a means for the organization to focus and validate important activities, initiatives and projects. The company used both industry and organizational KSFs to build and nurture key competences over time in its turnaround and growth process. Kotler (2000) observed that organizational success factors arise from the core competences that an

organization develops and nature over time. They are source of competitive advantage.

The study revealed that application of KSFs in change programs had inherent challenges. To surmount those challenges, the firm required to have the capacity and competences in the adopted key success factors. In lieu of such competencies, success for the introduced change program would hang in a balance or the company would need to build such capacity and competencies in the process of implementing the desired change.

5.3 Conclusion

Overall, the Uchumi supermarkets and growth process has been a success in restructuring history in Kenya. While Balogun and Hailey (2009) observe that about 70% of all corporate changes fail, restructuring of Uchumi offers a good case study in success in managing change. Managing change is a complex process which requires effective leadership and careful crafting and effective implementation of change strategy. In crafting the change strategies and their attendant programs, it was critical that the company identify those factors that aid performance, created competitive advantage and enhance chances and the ability of the company to compete and excel in the market. These factors are referred to as key success factors. The firm's strategic managers should be able to identify these factors, embed them in their change strategy as well as continuously focus their attention on them as they can aid or hinder performance.

Ultimately, managers should have the capacity to anticipate challenges in implementation of the change strategies and programs. Furthermore, they should be ready to provide answers to these challenges promptly if their change programs were to succeed in achieving the desired goal. Excelling in one or just a few of the adopted success factors is not enough to guarantee success of the change management programme. Therefore, excelling in all the identified KSFs should be the strategic manager's preoccupation throughout the change implementation period.

5.4 Recommendations

The following recommendations are made: That in managing change it is would be critical that the change managers consider identification and application of those limited performance areas which help them achieve competitive advantage and achieve their goals. They should not only identify and apply those KSFs, but should continuously monitor how application of the KSFs affected progress of their change programs.

To identify KSFs, environmental scanning is critical as those KSFs exist in the firm's industry and within the organization itself. Hence there is need to scan the environment as such KSFs could be a source of opportunities as well as challenges to the organization and its change programme. A clear vision for the organization should be formulated and widely shared in the organization pursuing change. Ultimately resources, leadership and focus on goals, and managing of stakeholders' interests and politics of change for mutual benefit of all parties is very critical for success in change management.

5.5 Limitations of the Study

Access to managers for interviews was a herculean task due to their tight schedules. In addition, the organizational formalities which required communication through switch board as well as authorized entry mounted either deliberate or unintended barriers implying sometimes it was difficult to gain access to intended respondents for interview scheduling or making appointment follow ups. Personal visits and email follow ups were used as strategy to access the managers.

Time factor presented a major constraint as the researcher had to juggle between work in station far away from the study firm and visiting the Uchumi Headquarters in Nairobi. In addition, delay by the respondents in responding to emails or granting interview consumed a lot of valuable time of the limited research period. This required putting in more hours at work to compensate for time used away from work station, and better management of personal diary.

In the end, providing of some information proved difficult for fear of victimization for divulging critical information. However, to address this matter, the introduction letter from the University of Nairobi was used as well as formally seeking consent and authorization for conducting the research from the Group C.E.O. Also due to the subjective nature of responses in interviews, comparable questions were put before the respondents to ensure comparability of consistency and improve reliability of the responses. Finally, this being a case study, it limits generalisability of the findings. Thus, the study finding cannot be replicated as a workable solution/panacea to other firms in similar operational circumstances.

5.6 Recommendations for Further Study

This study was based on application of KSFs in turnaround and growth strategy in a successful organization. Further study on application of KSFs in failed change management can be done for comparisons. Also while Uchumi is one among many firms in Kenya that have implemented change, studies can be done in other companies successful in implementing change to establish their adopted success factors. A multiplicity of findings on adopted key success factors among firms which have or are successfully implementing change would help create a repository of studies from which change managers and researchers can benefit from. The researcher also recommends further study on challenges of applying KSFs in change management.

5.7 Implications of the Study on Theory, Policy and Practice

The study provides insights into application of KSFs in change management. In many instances, change strategists do not fully embrace the concept of KSFs in crafting their change strategies and programs, resulting in challenges in successfully implementing their programs. The study findings underscore that adoption of KSFs is an important ingredient for any viable change strategic program. In furtherance to the theories of change, the study indicates that an assessment of prevailing circumstances and a careful choice of KSFs for any firm undertaking change are absolutely necessary.

The study's findings can be used by regulators and policy maker in formulating regulations and policies that better support change management of firms in crisis and ensure success of restructuring process especially in public enterprises. In practice,

firms undertaking change programme can learn lessons in effectively managing change. In particular, they can learn from the findings how to apply key success factors as part of their change strategy, and the challenges to anticipate. The study also can be of use in establishing why some change programs fail where others succeed.

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APPENDICES

Appendix I: Interview Guide

(1) (a) Name of the respondent.

    (b) Management position in the company.

    (c) Years worked in this company.

    (d) Areas of professional training/specialization.

(2) (a) In the course of your service to the company, what change initiative(s) have your company implemented?

    (b) How actively have you participated in this change management programme?

    (c) In you fair opinion, how would you rate the success of your company turnaround and growth program?

(3) Companies succeed or fail in the industry depending on their level of attention and taking advantage of certain things/factors that mostly affect their ability to prosper in the market. These factors are usually considered key success factors for any organization competing or implementing change in a changing business environment:-

    a)   Which among the following key success factors in the industry have you adopted in your change programme/ turnaround and growth strategy?

        1. Technology

        2. Access to financial capital.

        3. Low cost

        4. Convenient location

        5. Marketing capability

        6. Quality of customer service

        7. Employees morale

8. Managing competition

9. Cost control

10 Expansion of product line

b) Among the following success factors from within the organization which ones have you considered critical and adopted for success of your change programme?

1. Organizational culture

2. Management of stakeholders' politics

3. Leadership

4. Teamwork

5. Resistance to change

6. Shared vision

7. Communication

(b) Kindly which other factors as a company have you considered important and key to the company's change success apart from those already mentioned?

c) In order of importance, what factors would you consider the most critical for success of your retail chain's turnaround and growth/ change programme?

(4) How have you as a company applied each of these adopted key success factors to influence success of your change management and turnaround strategy?

(5) What key challenges have you had to deal with and overcome in your application of these key success factors in your change management and turnaround initiatives?

Thank you for your co-operation

Appendix II: Student's Introduction Letter

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAMME

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P.O. Box 30197
Nairobi, Kenya

DATE 10|09|2013

TO WHOM IT MAY CONCERN

The bearer of this letter GATHUNGU MACHIRA

Registration No. D61|72914|2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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 your assistance to enable him/her collect data in your organization.

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.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS