ROLE OF LEADERSHIP IN MANAGING CHANGE AT TOTAL KENYA LIMITED.

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DECLARATION

a) Declaration by the student

This research project is my original work and has not been presented for a degree in any other university for academic purposes.

Sign.. 16·11·2010 ....

Agnes Ruoro **Date**

Reg No: D61/8824/2006

b) Declaration by the supervisor

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

Sign .... 17/11/2010 ....

Prof E. Aosa **Date**

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DEDICATION

To my dear husband Anthony Murugu and lovely son Alvin Murugu for their love, patience and support and the unending encouragement even when academic commitments called for long hours away from home.

ABSTRACT

Change has been with us since the beginning of time, and in today's fast-paced, highly competitive world, change is inevitable. Organizations must respond to change to remain competitive and customer-focused. The biggest issue for implementation of change is getting people to accept and implement the required changes. To do this they need to understand why the change is needed, how it will be implemented, what progress is being made, and, later, whether it actually worked. Leadership is needed to revitalize an organization and facilitate adaptation to a changing environment.

Major change in an organization is usually guided by the top management team, though any member of the organization can initiate change or contribute to its success. Additionally, efforts to implement change in an organization are more likely to be successful if the leaders understand the sequential phases in the change process, different types of change and the importance of using appropriate models for understanding organizational problems as well as the reasons why people accept or resist change.

This case study seeks to identify the leadership roles played by top management in the acquisition process of assets of Chevron Kenya Limited by Total Kenya Limited. Additionally, it also seeks to identify challenges that leaders were faced with while managing change. Primary data was collected using an interview guide, and the respondents were the top management team of Total Kenya. Data was analyzed by use of content analysis to arrive at analytical conclusions as the data collected was qualitative in nature.

Findings from the study showed that top management was highly involved in managing the intended change. To facilitate the change process, a transition team headed by the managing director was formed. Members of the transition team were appointed from major functional areas, at departmental and sectional levels and their main duty was to ensure that both companies were running optimally, with minimum interruptions to meet customer needs. To manage the transition process, the team drew up a transition plan and key tasks incorporating accomplishment targets were specified along with review dates.

Though the integration process was successful according to the respondents, a lot of challenges were encountered but the transition team tried as much as they could to resolve them as soon as they became evident. Frequent communication to employees through staff forums reduced anxiety, fear and confusion, and during this forum, management collected feedback and were able to further address employee concerns.

The study recommends to the management of Total Kenya to engage stakeholders in the implementation process. To reduce resistance to change from any stakeholders, participation and communication in the entire change process should be encouraged. Evaluation of the intended courses of action should be closely monitored to ensure timely feedback is obtained for decision making.

The research, though completed successfully was not without difficulties. Being a case study where Total Kenya Limited was solely the unit of study, obtaining information was very difficult mainly because the respondents felt that some information was very confidential. This limited the scope of the study, and some respondents clearly pointed out they had not provided full information for confidentiality reasons.

Further research could be carried out on the topic but targeting lower levels of management, as any successful change effort must involve all parties in an organization. Additionally, further studies could be carried out to identify ways of handling the challenges identified in managing change in organizations.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The world of organizations is changing rapidly and as a result, people in organizations around the world are feeling the impact and are forced to adapt to new ways of working. Such changes are demanding that organizations have in place strong leaders to guide people through the uncertainty and confusion that accompanies the periods of rapid change. Daft (2005) argued that although many leaders are still operating from an old paradigm mindset, they are becoming increasingly ineffective and a primary solution to managing change is better change leadership since leaders serve as the main role models for change and provide the motivation and communication to keep change efforts moving forward.

In the twentieth century, the development of business professionals in the classroom and on the job focused on management, that is, people were taught how to plan, budget, organize, staff, control and problem solve. Kotter (1996) noted that only in the last decade has much thought gone into developing leaders, people who create and communicate vision and strategies. He pointed out that leadership deals with change and thus without enough leaders the vision, communication and empowerment that are at the heart of transformation will simply not happen well or fast enough to satisfy the needs and expectations.

1.1.1 Role of Leadership in Managing Change.

Leadership as defined by Daft (2005) is an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes. Such leaders define themselves as change leaders rather than people who want to maintain the status quo, they demonstrate courage, believe in employees' capacity to assume responsibility, they are able to assimilate and articulate values that promote adaptability, they recognize and learn from their own mistakes, are capable of managing complexity, uncertainty, and ambiguity and finally, they have a vision and can describe their vision for the future in vivid terms. He argued that strong, committed leadership is crucial to successful change and highlighted some key characteristics of leaders who can accomplish successful change projects.

There are a number of common traits that successful project deliverers' exhibit. They make and maintain a personal commitment to deliver expected results and are passionate about it. According to Burlton (2001), project leaders never pretend to make commitments they know they can not keep. They also communicate effectively and often with all the stakeholders of the initiative and maintain working relationships with all of them. Additionally, they share responsibility effectively with others, do not try to do it all by themselves, thereby reserving 'space' for other yet unknown factors. They use sound judgement and common sense and are not afraid to act on them. They also empower themselves.

A business short on leadership has little chance for survival. Leadership is what gives an organization its vision and its ability to translate that vision into reality. Without this translation, a transaction between leaders and followers, there is no organizational heartbeat. Bennis & Nanus (1997) noted that this is because it will be reduced to the controls of at best, efficient clerks in narrow orbits. Organizations must be led to overcome their 'trained incapacity' and to adapt to changing conditions.

Managing change is important. Without competent management the transformation process can get out of control. But for most organizations, the much bigger challenge is leading change. Only leadership, according to Kotter (1996) can blast though the many sources of corporate inertia, motivate the actions needed to alter behaviour in any significant way, get change to stick by anchoring it in the very culture of an organization. Employees in large, older firms often have difficulty getting the transformation process started because of lack of leadership coupled by arrogance, insularity and bureaucracy.

Hayes (2007) defined change management as a process of modifying or transforming organizations in order to maintain or improve their effectiveness. It is a systematic approach to dealing with change; both from the perspective of an organization and on the individual level. He argued that the role of leadership in change management is creating a vision, aligning relationships around the vision and inspiring others to achieve the vision.

Leaders are viewed as being responsible for guiding employees and the organization through the change process. Paton & Calman (2000) pointed out that organizations and managers must recognize that change in itself is not a problem. The problem lies in an inability to effectively manage change as not only can the adopted process be wrong, but also the conceptual framework may lack vision and understanding.

It is necessary to monitor progress of change and make any necessary adjustments while keeping people informed about the progress of change and to achieve this, leaders must demonstrate continued optimism and commitment to the change. Yukl (2010) stressed on a number of guidelines for implementing change. These include creating a sense of urgency about the need for change, communicating a clear vision of the benefits to be gained, identify people whose support is essential and any likely resistance, build a broad coalition to support the change, fill key positions with component change agents, use task forces to guide the implementation of changes, empower competent people to help plan and implement change, make dramatic, symbolic changes that affect the work, prepare people for change, explaining how it will affect them, help people deal with the stress and difficulties of major change and provide opportunities for early successes to build confidence.

Leaders of change need to understand people's fears and concerns. Organizations need to recognize that change does create uncertainty and that some individuals and groups may resist, or may not fully cooperate with it, if they fear the consequences. Burnes (2004) noted that one of the mistakes companies make when introducing change is failing to recognize and deal with the real and legitimate fears of the managers and staff. Though people's concerns tend to focus on the proposed change, they will also be strongly influenced by the outcome of previous change initiatives. He further advised that resistance can be seen as a signal that there is something wrong with the change process or its objectives rather than with those who are opposing or questioning it. From this perspective, resistance can be viewed as positive, it reminds the organization that it has not considered all the consequences of its actions, and forces it to review the plans.

1.1.2 The Oil Industry in Kenya

Kenya's oil market has been an oligopoly of KenolKobil, Shell, Total Kenya Limited and Chevron Kenya Limited. Other oil marketers like Oilibya, National Oil Corporation of

Kenya, the state owned company and the independent oil marketers have however been closing the gap.

In the 1990's, most independent oil marketers turned their focus on the regional segment as penetrating the local market proved difficult in a multinationals-controlled market. Sambu (2009) noted that industry data has shown a significant shift in market share because of entry of independent players, with the four big player's market share dropping from 76% in 2008 to 63% in 2009. He further noted that due to the tight margins, the industry is a volume based business, a drive that has pushed most players to enter the downstream marketing, with some companies having to restructure their operations and diversify product offering.

Stiff competition and shrinking margins in the oil industry have seen major multinationals like Chevron, Exxon Mobil, BP, Agip, Esso and, lately, Shell exiting African markets, leaving Total Kenya as the only multinational still standing strong in Kenya. This, acording to Mulunda (2010) is however giving way to thirsty local and Indian conglomerates to reshape the continent's fuel map, with KenolKobil's stretching to the African countries, and small players like Hass Petroleum Kenya Ltd have ventured into foreign territory by penetrating virgin markets like Southern Sudan, and Pan African oil companies like Oilibya which entered the Kenyan market by buying out Mobil Kenya, and now bidding for the assets of BP Shell.

1.1.3 Total Kenya Limited

Total Kenya Limited is part of the Total Group, the 4th largest oil and gas company in the world operating in over 100 countries throughout the world. The group is involved in exploration, production, refining and marketing of oil products. Total has been operating in Kenya since its incorporation in 1955 as OZO East Africa Ltd. It began operations as Total Oil Products (E.A) Ltd. In 1991, the company name changed to Total Kenya Limited.

The Company has become one of the country's major oil and gas marketing company with increased market share after a successful acquisition of Chevron Kenya Limited, a local subsidiary of United States oil giant which traded in Kenya as Caltex. The acquisition is expected to give the firm a lead in the oil and gas marketing business in Kenya, controlling about 27.6 per cent of the market with 190 retail outlets countrywide, an enhanced depot storage capacity, additional liquefied petroleum gas filling and storage capacity as well as a lubricant blending plant.

Total Kenya Limited is currently undergoing key strategic changes after the acquisition. After the acquisition, the company is also left with the task of generating profit for shareholders as it manages the huge financing costs that come with the new debt as well as employee and customer expectations. Industry analysts also warn that shareholders should brace for tough times ahead due to the soaring financing costs which will almost certainly cut the Sh2.50 dividend payout that they have enjoyed over the past five years. Gikunju (2009) pointed out that Total Kenya though, could ultimately benefit from the transaction depending on how efficiently the new combined entity is run. To achieve its goals of increased market share while maintaining profitability, the management must realize that it takes particularly strong leaders to guide people through the uncertainty and confusion that accompany periods of rapid change.

1.2 Statement of the Problem

Kotter (1999) argues that managers are the people who are in the best position to provide the leadership required to ensure that change will be successful. As such, if they are to provide this leadership, they need to recognize that their role involves a dual responsibility, for management (keeping the system operating effectively) and for leadership (revitalizing and renewing the system to ensure that it will remain effective over the long term).

While several studies have been undertaken on managing change in organizations, little has been done on the role of leadership in managing change especially in the oil industry. For instance, the study by Mute (2008) focused on managing change in the water sector. Others who have undertaken studies on strategic change management in various industries include Muhia (2008), whose study focused on change management practices adopted by the city council of Nairobi, and Ogada (2007) whose study on strategic change management at Wrigrey Co. East Africa.

After Total Kenya limited won the bid to acquire Chevron Kenya Limited and all its assets, responsibility for managing the intended change rested entirely on the management team. The management team is also expected to manage the integration of the two entities in a way that employees will embrace the change by playing the role of facilitators and enablers of change. As such the research questions that this study seeks to answer are what are the leadership roles in managing change at Total Kenya Limited as well as identify the leadership challenges encountered by top management in the change process.

1.3 Objectives of the study

This study has two objectives:

i. Establish the role of leadership in change management at Total Kenya Limited.

ii. Establish the leadership challenges in managing change at Total Kenya Limited.

1.4 Importance of the study

This study will contribute to the body of knowledge regarding leadership roles and challenges during acquisitions, which will be useful to the researchers, change consultants and academicians in evaluation of roles of leaders in the process of managing and implementing change in organizations.

Management of Total Kenya Limited will benefit from an independent analysis on their role in managing change, which would also be applicable in other change projects. Additionally, oil marketers and other private business operators who may be interested in acquisitions and mergers may also benefit from the study. The government may also benefit from the study, as the study will provide useful insights which could be used in policy formulation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Leadership and Change Management

Most change efforts encounter problems as they often take longer than expected which sometimes kills morale, and costs a great deal in terms of managerial time, or emotional upheaval. In addition, most organizations today lack the leadership they need to successfully manage changes that are rapidly taking place.

Kotter (1999) noted that highly controlling organizations often destroys leadership by not allowing people to blossom, test themselves and grow. Successful organizations have to become incubators of leadership as wasting talent will become increasingly costly in a world of rapid change. Developing that leadership will demand flatter and leaner structures along with less controlling and more risk taking cultures.

2.1.1 Leadership Roles

Leaders as those whom others want to follow. They create an environment that brings out the best in organization members. Kotter (1996) defined leadership as a set of processes that creates organizations and adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision and inspires them to make it happen despite the obstacles.

In managing organizational change, there should be a clear plan for getting from the present state to the desired state. Cartin (1999) outlined leadership traits that leaders exhibit that facilitate and result in successful change. These include convincing people that the present state is unacceptable and that a change is necessary as well as sharing information on the plan to avoid surprises. Additionally, there should be a change agent leader at the top, with change agents chartered to assist senior management in planning and executing a purposeful transformation. The top executive must be able to use change agents skillfully within the organization.

2.1.2 Change Management

In most cases, large change projects especially organizational transitions are wide ranging, have multiple objectives and can involve a high degree of uncertainty and as such, effective planning is necessary. Burnes (2004) highlighted that in such projects where existing control and reporting systems are not adequate for managing the change, effective reporting and management structures need to be put in place in order to provide direction, support, resources and where necessary, decisive interventions. However, he warned that not all the elements of a large change programme can be planned in detail in advance as such programmes are by their nature multi level, multi stage, can stretch over an extended time frame and can involve elements of back tracking and rethinking.

Though organizational change can be of a structural or technical nature which requires little of individuals in terms of behavioral or attitudinal change, Burnes (2004) warns that the objective of change should be to modify the attitudes and behaviors of individuals and groups by creating a willingness to change, involving people and sustaining the momentum. He pointed out that leaders of change need to address issues like training and developing new competencies and skills, making the change process participative and ensure people are involved. He also advised that audits and post audits are necessary to monitor progress, drawing attention to any discrepancy between actual, desired and future performance, noting to identify opportunities for improvement.

Even after a change project has been completed or resulted in a stable state being achieved, there always remains scope for improvement as highlighted by (Burnes 2004). Change will continue to take place therefore both in planning and in evaluating its outcomes, it is necessary to identify the open endedness of it, and the degree to which the final outcome will require a continuous improvement approach or a continuing change approach. Management should give regular, timely and direct feedback on the performance.

2.1.3 Leadership and Change Management

The process of change is simply moving from the current way of doing things to a new and different way of doing things. The essential role of top management in implementing change according to Yukl (2010) is to formulate an integrating vision and general strategy, building a coalition of supporters who endorse the strategy, then guide and coordinate the process by which the strategy will be implemented. Complex changes usually involve a process of experimentation and learning because it is impossible to anticipate all the problems or to prepare detailed plans of how to carry out all aspects of the change. Instead of specifying detailed guidelines for change at all levels of the organization, it is much better to encourage middle level and lower level managers to transform their own units in a way that is consistent with the vision and strategy.

Top management should provide encouragement, support and necessary resources to facilitate change, but should not try to dictate the details of how to do it. (Burnes 2004) advises that it is essential for change agents to discuss a proposed or impending change with people who will be affected by it to learn about their concerns and suggestions. Large scale change in an organization usually requires some change in the organization culture as well as direct influence over individual subordinates. By changing the culture of an organization, top management can directly influence the motivation and behavior of organization members.

It is likely that the success of efforts to transform an organization depend in part on when, where and how various aspects of the change are implemented and who participates in the process in what ways. (Burnes 2004) pointed out that large scale change in an organization is unlikely to be successful without the support of top management. He also noted that it is important to monitor progress against plan, noting to be clear about the expectations and requirements in the new state. Communication is key, and communication channels should be kept open to address any problems and concerns while allowing individuals time to have discussions with supervisors and others.

Leaders should demonstrate their patience as they carry out an analysis of how to present to different audiences, managing emotions with respect to other people's resistance, social awareness, adaptability and empathy (Cameron and Green, 2004). Additionally, they should also lead by example, modeling the desired state, providing coaching and training while looking for opportunities to positively reinforce behaviors and results that support success in the changed state as well as reward and recognize early role models who have made the change. They should try and make it a win-win situation, and avoid creating losers. People are empowered to act on information which is freely exchanged. New problems are considered as opportunities for improvement. People feel that they work in a community, not function. The result is a freedom of expression and cooperative team work across the organization chart. The organizations also invest in new solutions in a timely manner, not after long justification procedures

2.2 Models used in Managing Organizational Change

In any major change project it is important for leaders to recognize that the change process goes through stages and each stage is important and that each may require a significant amount of time. Kotter (1999) noted that successful organizational change efforts are always characterized by the skilful application of a number of the approaches, often in different combinations. Different models have been developed for managing change in organizations. The study has discussed a few of these models, narrowing down mainly to those that focus on leadership roles in managing the process of change.

2.2.1 Kotter's eight stage model

Kotter (1996) described a helpful eight stage model for understanding and managing change. In the first stage he argued that leaders must increase urgency, which means they should inspire people to move, make objectives real and relevant. He noted that major change is never successful unless the complacency level is low. He further noted that a high urgency rate helps enormously in completing all the stages of a transformation process. Secondly, leaders should build the guiding team. This means getting the right people in place with the right emotional commitment, and the right mix of skills and levels. Thirdly, they must get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency. In the fourth stage, leaders must communicate for buy-in by involving as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs.

In the fifth stage, he argued that leaders must empower action by removing obstacles, enabling constructive feedback and support from leaders, rewarding as well as recognizing progress and achievements. He further advised leaders to create short-term wins by setting aims that are easy to achieve, manageable numbers of initiatives ensuring that current stages are finished before starting new ones. The seventh step is for leaders not to let up, by fostering and encouraging determination and persistence, encourage ongoing progress reporting while at the same time highlighting achieved and future milestones. In the last stage, he advised leaders to make change stick by reinforcing the value of successful change via recruitment, promotion, and new change leaders as well as weaving change into culture.

He however pointed out that stages in the process generally overlap, but each is important for successful change to occur. Sometimes, leaders initiate profound changes in all parts of the organization simultaneously, but leaders also initiate change more gradually. Sometimes, leaders see that significant changes need to be made but they recognize that aggressive moves would provoke strong resistance. Good leaders work on a daily basis to gradually shift attitudes, assumptions and behaviors towards a desired future. When individual leaders throughout the organization are involved in daily change efforts, they have a powerful cumulative effect.

2.2.2. Incremental change strategies.

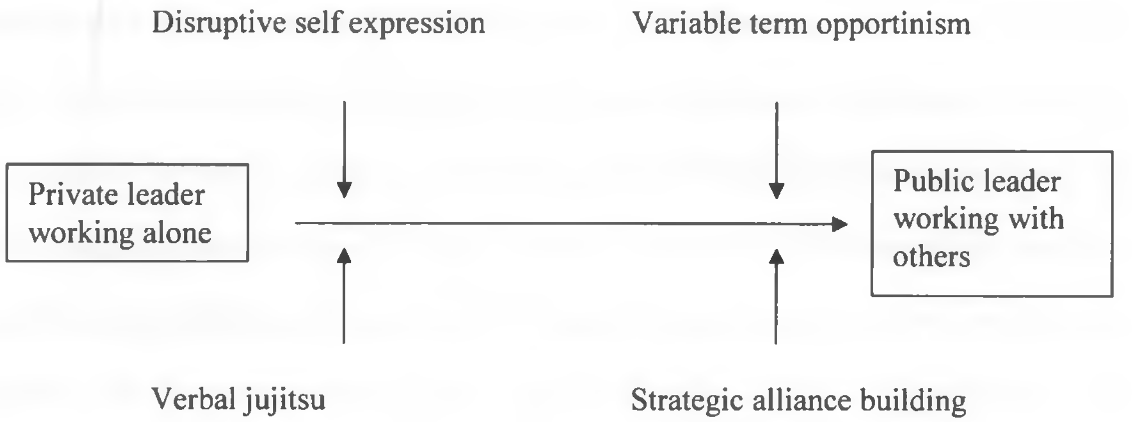
Leaders can learn strategies for everyday change that will have significant constructive impact as everyday conversations and small actions, spread to others throughout the organization. Figure 1 demonstrates a range of incremental change strategies that leaders can use. The strategies range from the individual leader working alone to effect gradual change to working directly with others in a more directed and extensive change effort.

These include disruptive self expression, which is the least conspicuous way to promote change and involves a single leader acting in a way that others will notice and that reflects the values and behaviors he or she wishes to instill in followers. This strategy quietly unsettles others' expectations and routines.

Second is verbal jujitsu, whereby a leader turns an opponent's negative attitudes, expressions or behaviors into opportunities for change that others in the organization will notice. Thirdly there is variable-term opportunism, which is a more public approach in which leaders look for, create and capitalize on opportunities for motivating others to change. The fourth strategy is strategic alliance building, in which the leader works closely with others to move issues to the forefront more quickly and directly that would be possible working alone. This is the most political approach to everyday change.

Effective leaders use elements such as storytelling, metaphor, humor and a personal touch to reach employees on an emotional level and sell them on proposed changes. Emotional elements are essential for persuading and influencing others; thus leaders should not overlook the importance of emotional elements to overcome resistance to change. Leaders also use implementation techniques like communication and training, participation and involvement as well as coercion to smoothen the change process.

Figure 1. Incremental change strategies.



Source: Adapted from Debra E Meyerson, "Radical Change the Quiet Way," Harvard Business Review (October 2001): 92-100.

2.2.3 Burlton's three stage journey in a change process.

Burlton (2001) outlined a three stage journey in a change process. He pointed out that individuals in most cases have no problem starting something new, but in ending something old, even if the new should be far more attractive logically. The stages include the ending state, transition state and the emerging/ beginning state. The ending state is the hardest part of all humans to deal with, as they are concerned about having to put aside current behaviours, benefits, friendships, relevant competences and relationships among other aspects of their working situations. He observed that regardless of circumstances, people think about what they have to give up more than what they will gain, even in circumstances that currently are unpleasant.

The transition stage is characterised by a challenge to increase the level of dissatisfaction which will pave way for readiness to change. For some, there is a high level of dissatisfaction which implies that staff members truly understand that the ending has to come soon, but they have no confidence in the chance of success of the change program. In this situation, its best to reassure and build staff confidence, communicating more and training staff on the process of change, focusing on the long term benefits of doing the transformation right and proving results as you go by breaking initiative into smaller scope segments. On the contrary there will be staff with a low level of dissatisfaction; staff members who feel that everything is alright and for these, leaders have to foster a deeper awareness that staying the same is a threat to the organization and the individuals in it. To normalize dissatisfaction to create readiness to change, it might be necessary to increase pressure from above or to raise the bar on performance objectives.

This stage may last long because of frequent backsliding of morale and lack of constant attention by change agents and management. At this point, the old and new might coincide regarding the work to be done, which may require extra work, people will be concerned that they do not have enough resources in terms of time, money and skills. Leaders should encourage creative problem solving in a team setting but be cautious about taking the pressure off as people might revert back to old behaviour.

The ending phase is characterized by strong feelings of pain and anger. Those affected often experience loss of identity and sometimes feel threatened. Most people value what they do, and the environment that they do it in. In this stage, one will witness the beginning of the new beliefs, commitments and behaviours. There is a renewed sense of belonging and dedication, staff demonstrate a strong ability to let go of past behaviour and are filled with fresh energy and a sense of purpose. Staff members now anticipate the new future with a sense of excitement, confidence, energy and productivity.

2.2.4 Leadership of change phase by phase.

Cameron and Green (2004) identified different phases of the change process which enables a leader to see the need for flexibility in leadership style, as the change moves from one phase into another phase. They identified outer leadership and inner leadership requirements of a leader of change for each phase. In the first phase, the leader needs to establish the need for change by illuminating a problem area through discussion, influencing understanding, researching, presenting and listening. Managing emotions, maintaining integrity, being courageous and being patient is critical and the leader must show that he really believes that the change is necessary.

The second phase involves building the change team, brings the right people together and establishes momentum through teamwork. Chairing meetings, connecting agendas, facilitating discussion, building relationships, building teams and cutting through politics are necessary tools. He must show social and organizational awareness, self awareness, managing emotions, adaptability, taking initiative, having the drive to achieve, maintaining energy despite knock-backs.

The third phase calls for leaders to create vision and values. The leader works with the group to build a picture of success, by initiating ideas, brainstorming, encouraging divergent and creative thinking, challenging others constructively, envisaging the future, and facilitating agreement. Strategic thinking, taking time to reflect, social awareness, drive to achieve, managing emotions are required to foster success. In the last phase, they pointed out that a leader should show steadiness of purpose, maintaining the drive to achieve, while at the same time rewarding objectively, celebrating success, giving positive feedback before moving on to what's next.

2.3. Leadership challenges in change management

Yukl (2010) noted that before people support radical change, they need to have a vision of a better future that is attractive enough to justify the sacrifices and hardships the change will require. To be inspiring, the vision must include strong ideological content that appeals to organizational members, shared values and ideals concerning customers, employees and the mission of the organization. People oriented actions include creating a sense of urgency, articulating a clear vision of the likely benefits, preparing people for change, helping them to cope with change, providing opportunities for early successes, keeping them informed, demonstrating continued commitment to the change program and empowering people to help plan and implement change.

Jones, Aguirre, and Calderone (2004) noted that in major transformations, senior executives and their advisors conventionally focus their attention on devising the best strategic and tactical plans. But to succeed, they must have an understanding of the human side of change management, which involves alignment of the company's culture, values, people, and behaviors so as to encourage the desired results. They further noted chief executive officers involved in transformation often are concerned about how the work force will react, how they can get their team to work together, and how they will be able to lead their people. They also worry about retaining their company's unique values and sense of identity and about creating a culture of commitment and performance.

In today's economy, change is all-pervasive in organizations. It happens continuously, and often at rapid speed. Because change has become an everyday part of organizational dynamics, employees who resist change can actually cripple an organization. Leaders should recognize that resistance is an inevitable response to any major change. Individuals naturally rush to defend the status quo if they feel their security or status is threatened.

Resistance to change is viewed as a response to the treatment employees receive in the change process, that is, reactions by disgruntled employees regarding the perceived unfairness of the change. Folger & Skarlicki (1999) claim that organizational change can generate skepticism and resistance in employees, making it sometimes difficult or impossible to implement organizational improvements. They claim that resentment based resistance behaviors, which can range from subtle acts of non cooperation to industrial sabotage, are often seen by the perpetrators as subjectively justifiable, a way to get even for perceived mistreatment and a way for employees to exercise their power to restore perceived injustice.

The desired change in organization can stall because of inwardly focused cultures, paralyzing bureaucracy, parochial politics, a low level of trust, lack of teamwork, arrogant attitudes, lack of leadership in the middle management as well as general human fear of the unknown. To be effective, a method designed to alter strategies, reengineer processes or improve quality must address these barriers and address them well. In his eight step model, Kotter (1996) advises that the leaders should first focus on the transformation process to help defrost a hardened status quo, aimed at letting go of past behaviour, then introduce new practices and lastly ground the change in the corporate culture and help make them stick.

There are a number of reasons why people resist major changes in organizations (Connor 1995) and they are not mutually exclusive. These include lack of trust, belief that change is not necessary , or feasible that is unlikely to succeed or impossible, economic threats like personal loss of income, benefits or job security, relative high cost, fear of personal failure, loss of status and power, threat of values and ideals and resentment of interference.

If management does not understand, accept and make an effort to work with resistance, it can undermine even the most well-intentioned and well-conceived change efforts. Coetsee (1999) states that any management's ability to achieve maximum benefits from change, depends in part on how effectively they create and maintain a climate that minimizes resistant behavior and encourages acceptance and support.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

A case study was used. The unit of study was Total Kenya Limited. The case study was most appropriate as the objective of the study required a detailed analysis of the leadership roles in managing change. Case studies provide in-depth information on the subject under study and are qualitative in nature hence provide an efficient way of collecting data, analyzing information and reporting the results.

Case studies also provide focused and valuable insights to phenomena that may otherwise be vaguely understood. The case study method offers the researcher an opportunity to learn complex issues and events through extensive description and contextual analysis. This is in line with the objective of the study which was to identify the role of leadership in change management process at Total Kenya Limited as well as the challenges that leaders encountered in the change process.

Yin (1994) and Stake (1995) attribute a number of benefits accruing from using the case study method. It aids the researcher in getting a holistic view of an event or situation, a view that includes the context as well as the details; ability to lead to a more complete understanding of some aspect of a person, group or event or situation due to the case study method's richness in details; the method's capability to satisfy the three parts of a qualitative method namely describing, understanding and explaining. The method has potential to help the researcher in getting affective information that can not otherwise be collected.

3.2 Data Collection

Primary data was collected by way of an interview guide. Cooper and Schindler (2003) and Sekaran (1992) noted that personal interviews obtain in depth information as the researcher can adapt the questions as necessary, clarify doubts and ensure that the responses are properly understood by repeating or rephrasing the questions thus improving the quality of the information received. Additionally the researcher can probe with additional questions, gather supplemental information as well as pick non verbal cues from the respondent through observation.

The interview guide was administered to six out of fourteen top managers at Total Kenya Limited. The six managers represented different functional areas of the company in an effort to capture the different roles that managers in different departments played in the transition. This approach enabled the researcher to collect as much information as possible on the topic of study. Data was collected in the month of September, and the data collected was qualitative in nature.

3.3 Data Analysis

Organization of data from interview transcripts and observation notes was the first step in the analysis process. This involved thorough reading, editing, cleaning up of the interview notes and entry into the computer. Data was then analyzed by use of content analysis to arrive at analytical conclusions. Since data collected was qualitative in nature, the researcher used content analysis based on the experiences of the individual participants. The researcher studied causal relationships and theoretical statements emerging from the interview, by pairing down the data to represent major themes and categories that describe the roles of leaders in managing change during the acquisition as well as the challenges experienced during this transition period.

Cooper and Schindler (2003) noted that content analysis can be used as a tool for handling open ended questions as it measures the semantic content of the 'what' aspect of a message. Its breadth makes it a flexible and wide ranging tool that may be used as a methodology or as a problem specific technique. They further noted that more recent interpretations have broadened the definition to include latent as well as manifest content, the symbolic meaning of messages and qualitative analysis.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Data analysis was done by use of content analysis by identifying and extracting key themes, concepts and arguments. The findings of the research indicated clearly that leadership is critical in any major change effort in an organization. The management team at Total Kenya Limited was involved at all levels and stages throughout the process. As leaders, they interacted with stakeholders at all levels, ensuring that each stakeholder's fears, issues and concerns were handled to avoid dragging the change process.

4.2 Role of leadership in managing change.

The process of acquisition was spearheaded by top management. Those involved in the acquisition were team leaders at group level, a management committee constituting of top managers of Total Kenya and Chevron Kenya and external consultants. Negotiations for the acquisition of Chevron assets after Total Kenya won the bid were held at group level, whereby each of the two parties appointed a project leader. The two project leaders acted as the key players in liaison with external consultants including legal advisors, lawyers and auditors, who helped project leaders in handling issues on compliance and legal requirements.

A transition team known as a management committee was formed at local level, constituting of the management of both companies (managing director, departmental heads and sectional heads). This was headed by the managing director of Total Kenya. The main role of the management committee was to ensure that both companies were running optimally, with minimum business interruption. The management was expected to ensure that the profitability and market share of the two companies were maintained as they continue serving and meeting customer needs.

Top management drew a transition plan, with timelines for the project. The timelines were closely monitored, and weekly reviews held to monitor progress. During these reviews, members would give updates on their accomplishments against targets, highlighting any lags or unaccomplished tasks as per scheduled dates. This ensured that no delays occur in the process and the team was also able to identify any deviations form targets and reset the goals.

The transition team was also mandated to carry out a process called gap analysis. This involved reviewing internal processes, systems and accounting procedures used by the exiting company compared to the buying company. This was aimed at understanding the processes in preparation of data migration into the Total Kenya system.

Availability of resources was a key factor to the successful integration of the two companies. Management ensured they availed the required resources to facilitate migration. The transition team was selectively constituted, and was made of experts in key areas in the major business units from both companies. This meant that these were experienced people who understood both internal processes, systems and procedures hence it was easy for them to review processes from both companies taking advantage of best practices from both sides.

Management also strived to manage employee expectations, to ensure they are motivated to carry out their duties normally, averting fears and concerns on possible outcomes like redundancy, job security among others. This was done through open communication to give updates on the progress.

Acceptability of the intended actions was critical in facilitating successful integration of the two companies. To achieve this, there was open communication to stakeholders especially employees of both companies on the intended plan of action. This was facilitated through periodic staff forums whereby management gave progress on the acquisition.

During the staff forums, management also reassured employees to avert their fears and concerns, as well as managing employee expectations on staff welfare issues and job opportunities. This greatly reduced employee resistance and they embraced the change process, giving the best input towards a successful integration. This also helped clear doubts and eliminate rumors from unreliable sources on the progress

Employees were also given a chance to give their views during the forums and as such, the transition team was able to collect feedback on staff concerns and was able to address their issues. For the exiting company, respondents concurred that it was more difficult to manage staff expectations as staff feared possibilities of loss of jobs. Staff members were given options like early retirement among others and a human resource team was set up to train staff on managing personal finances, counseling to manage psychological fears, self esteem and identity issues.

Management created an environment for participation and involvement of employees in the transition process. This was done by breaking down big groups to manageable units, delegating authority to lower level management to run operations while top management concentrated on the integration process. This reduced staff resistance in that they felt they were also being given a chance to participate in the wider goal of a successful transition. There was enormous support from senior management from both companies to lower levels during this period.

Feedback was frequently collected during the scheduled weekly meetings. During these meetings, accomplishment dates for any unaccomplished tasks were reviewed. This method of monitoring progress was useful as it ensured that deviations were detected early and corrective actions taken. Additionally, through the periodic staff meetings, employees were also given updates on the progress, and any feedback collected from them by management was incorporated in the plans for future courses of action. This further improved their acceptability of the fact that change was necessary as they felt that their issues were addressed by management.

Employees were also given a chance to seek clarification through the transition process. There was a team to handle frequently asked questions, and such information was posted to a pool and was accessible by all staff. Additionally, an email address was set up where any employee who had a concern or needed clarification would post their questions and answers would be provided for such issues.

Any delays in the targets were also communicated to employees. This helped in reducing fears. Additionally, management set meetings for customers from the exiting companies to inform them and explain to them the expected changes. This was done to reduce fears too and provide proper guidance on the intention of the buying company to acquire such customers.

4.3 Leadership challenges in managing change

The study established that there were a lot of challenges during the implementation stages in the change project, and these challenges were evident at all stages through the change process. Additionally, the challenges were from both internal and external sources.

Legal requirements for the acquisition posed a major challenge during the transition. These included requirements by Capital Markets Authority, Nairobi Stock Exchange and Kenya Revenue Authority among others. These requirements included stamp duties, tax payments, compliance issues like change in name (for the exiting company), transfer of assets in accordance to the restrictive trade practices, monopolies and price control act among others. This caused delays which affected the targeted dates for change in control.

Compatibility of systems for the two companies was a major challenge. This was further aggravated by the fact that the two companies used different reporting systems, accounting procedures and policies. The transition team however reviewed the systems, to identify how best to migrate data in a timely manner, maintaining accuracy and reliability.

Prior to the acquisition, information sharing between the two companies was critical, yet given that the two were competitors in the oil industry, no company felt comfortable to release information pertaining to their operations until the conclusion of the sale. As such, management from both companies had to set up guidelines on the information to be released and at what stages through the process. This also applied to information given to other stakeholders because any information released would have an impact, depending on the mode used and the timing.

Merging two companies with unique cultures was difficult. Total Kenya, being of a French origin and Chevron Kenya being an American company meant there were a lot of differences in operational approaches, reporting systems as well as employee practices. It was hence difficult for management to cut through these differences. It was clear from the respondents that such differences are still evident, even one year after the acquisition was finalized; hence the leadership has to continue fostering a spirit of togetherness among employees.

Decision making processes differed greatly among the two companies. This was witnessed even at top levels of administration hence implementation during the change process was slowed down since all parties had to be in agreement before major changes are effected. This was further aggravated by the fact that policies and procedures also differed.

There was a lot of fear and anxiety due to uncertainty among employees, customers and other stakeholders. This increased their resistance to accept the change and this meant that management had to address such fears and concerns to increase acceptability of the intended changes, and make the stakeholders own the process so as to be able to move forward.

Human resource management policies for the two companies differed. As such, the management has to tirelessly review the policies to ensure all employee issues are addressed as they are a key determinant of the success or failure of the new merged company. However it was clear from the respondents that although a number of issues have been resolved, some of the human resource issues like harmonization of salaries and benefits are yet to be fully harmonized.

4.4 Discussion of results

Leadership is the backbone of successful change. Just as highlighted by Kotter (1996) and Hayes (2007), the results of this study clearly showed essential roles of top management as leaders in implementing change. These include formulating an integrating vision and general strategy, building a coalition of supporters who endorse the strategy, then guide and coordinate the process by which the strategy will be implemented. Communication forms an integral part in the successful implementation stages of the change process.

4.4.1 Comparison of results with theory

The research findings showed that in order to manage change successfully, it is best to draw up a stage by stage plan, with milestones and targets to be accomplished at each stage. The models discussed earlier, that is, Kotter's eight stage model in managing change, Burlton's three stage journey in a change process and Cameron and Green's leadership of change phase to phase models highlight the same approach in managing change. As was the case with Total Kenya, the implementation of change necessitates that major activities in the change process be identified, and a plan of how to achieve the targets be clearly established and communicated to all involved for better results to be obtained

Sustaining momentum, during the entire period is critical. The change management team at Total Kenya had to motivate all involved in the change process as well as deal with any difficulties encountered in the process. As Burnes (2004) urged, leaders have to sometimes handle even very personal problems. However, just as they have to support others, so too must they receive support themselves which means initiators of change must first identify those who will drive the change, share the vision with them and give them adequate support. Providing resources for change, developing new competences and skills as well as reinforcing desired behavior would also help in sustaining momentum.

For a one off change project of short duration, it might be acceptable to ask staff to go far beyond the normal course of duty. However, for many organizations, change is a way of life. In cases where employees are required to keep up the same level of output during the transition phase, it may require considerable additional resources to achieve this. The findings of this study confirm this fact as the need for extra resources was identified and extra resources allocated before the targeted date of change in control of Chevron Kenya Limited so as to facilitate a smooth takeover.

Most changes, whether large or small, will encounter a number of challenges. Just as Burnes (2004) highlighted that leaders must address people's fears and concerns, as well as understand the main reasons for their resistance to change, the result findings at Total

Kenya clearly showed that customers, employees and other stakeholders had fears and concerns which the management team had to address to gain acceptability. Though leaders frequently see change as a way to strengthen the organization, many people view it as a painful and disruptive process, which is why resistance to change efforts is common. A critical aspect of leading people through change is understanding that resistance to change is natural and that there are often legitimate reasons for it and as such, leaders must strive to educate those involved in change to reduce possibility of resistance to achieve the desired results.

Change always involves giving up some behaviors; changing the status quo which means a complete transformation from one state to another state. As such, in most change projects, human resistance is inevitable. Issues relating to those who will be affected by the change are usually a hindrance to the change. As the findings of this study confirm, human issues must be addressed before they get out of hand as they can and often cause delay the change process. Burlton (2001) highlighted this by urging leaders of change to constantly reassure and build staff confidence, focusing on long term benefits of the intended change.

4.4.2 Comparison of results with other studies

Results from earlier studies show that managing change is a complex issue and a lot of change projects indeed fail for many reasons. In some change projects, the leaders of change fail to involve all affected by the changes hence human resistance adversely affects the change process. In others, the approach used by leaders of change to achieve and manage change does not work.

In a study on Wrigley Company of East Africa by Ogada (2007), results showed that in managing change in organizations, it is impossible to anticipate all the problems or to prepare detailed plans of how to carry out all aspects of the change hence instead of specifying detailed guidelines for change at all levels of the organization, it is much better to empower those implementing the changes like middle level and lower level managers to transform their own units in a way that is consistent with the overall vision and strategy.

Other studies by Mute (2008) and Muhia (2008) carried out in different sectors showed that leadership is critical for successful change to take place. They attributed successful change to the management who are the drivers of change. Additionally, they highlighted human resistance as a major challenge in managing change since people are the implementers of any change process in an organization.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The objective of the study was to identify the role of leadership in managing change at Total Kenya Limited, as well as identifying challenges that leaders experienced in the change process. It was apparent from the research findings that leadership is critical in any change process, and that this leadership is spearheaded by top management in an organization. Lack of proper leadership drags the change process.

Leaders of change encounter a lot of challenges in the change management process. While a number of them can be addressed as they crop up, others challenges take long to be resolved which could adversely drag the change process. As such, management must identify a guiding team, who communicate the vision and drive others to embrace the change and work towards the new desired state.

5.1.1 Role of leadership in managing change

Managing change is normally a long term process. It is therefore necessary for those leading to have a guiding team, who are charged with the responsibility of drawing up a plan on how implementation will be done. Drawing a schedule of major activities in stages, with timelines clearly stating review dates is useful in measuring progress, and areas of deviation are easily identified.

Leaders should always strive to address people's concerns during the change process. This is because people mostly think of what they have to give up, more than what they will gain hence they desire to maintain their status quo. Frequent communication on the intended courses of action, progress and benefits should be communicated so that they also understand why change is necessary, as this reduces the complacency level. Since people would prefer to maintain the status quo, it often is important for leaders to increase the urgency level so that the people can see the need for change.

Successful implementation of a major change strategy may require changes in the organization structure to make it consistent with the strategy. Leaders must evaluate what changes need to be made to existing structures, so as to be able to meet the new demands. Sometimes human resistance may be evident and in such cases, it may be easier to create an informal structure to support the new strategy and postpone changes in the formal structure until people realize that the intended change is necessary and their support is needed. Informal teams can be created to facilitate the transition, without any expectation that these temporary structures will become permanent.

5.1.2 Leadership challenges in managing change

Leaders encounter various challenges in managing change. Compliance to government and legal requirements can be a major challenge, as the compliance processes are normally accompanied by procedures and policies that must be adhered to. The process is also quite expensive due to involvement of consultants to offer advisory services on legal issues, tax compliance issues among others as was the case with Total Kenya Limited, who had to hire tax consultants, lawyers and auditors to carry out the professional evaluations and give advice on the same.

Another major challenge in change processes is the fact that existing structures and systems may not be adequate to accommodate the intended change. As was the case with Total Kenya, there is need to review the existing structures, systems and policies to accommodate the changes. Sometimes, it may mean even doing away with the current systems and structural settings and getting new ones that can support the new state.

Employee concerns are a major component, and must be addressed before employees can embrace the change. Total Kenya ensured that communication through frequent staff forums was done. This ensured that employees are informed of the progress in the transition, and their feedback was collected by management. Additionally, after a decision to give an option of early retirement in the exiting company was reached, a human resource team was set up to train employees and offer counseling on personal finances. As such, employees felt that their issues were well understood and dealt with.

Merging two companies with different cultural practices is quite challenging. Even after the acquisition was finalized, the cultural differences among employees of the merged company were evident. As such, standardization and harmonization of rewards, salaries and other benefits is required. Encouraging involvement, participation and having team building activities is necessary to facilitate interaction among employees of the new merged company.

5.2 Conclusion of the study

If there had to be only one factor to get right in any change effort, it would be getting people to make and keep the required commitments as this normally lacks in most change processes. For this to happen, there must a team of leaders, who fully own the desired change, and are charged with the responsibility of guiding others through the change process. It is critical for leaders to understand their role of communicating the vision to the people, guide them through the implementation stage as they evaluate progress so as to be able to identify any deviations and take the necessary actions to achieve the desired results.

When an organization is going through changes, it should have a more open plan and integrated approach to problem solving, with several mechanisms to do so. People should be empowered to act on information which is freely exchanged and new problems should be considered as opportunities for improvement. During this period, management should foster an environment where people feel that they work in a community and not function. This will result in freedom of expression and cooperative team work across the organization chart. The organization should also strive to invest in new solutions in a timely manner, not after long justification procedures as this kills morale to achieve the desired results.

Challenges encountered during the process should be resolved within reasonable time limits. Additionally, fears and concerns from those involved should be addressed as this will increase their commitment and participation in the change process.

5.3 Recommendations

Major change projects affect everyone in the organization. The researcher hence recommends the management of Total Kenya to involve employees at all levels, that is, top level, middle level and lower levels to achieve optimal results. In many cases, employees at functional levels are not consulted in the decision making processes relating to the intended changes and their implementation and consequently, it requires more effort to convince them to embrace the changes.

Control systems and evaluation procedures should be clearly drawn and communicated to those in the implementation team. Timelines for review of progress should also be clearly spelt out. This is because change processes demand close monitoring so as to identify level of accomplishments against set targets. Any deviations, errors and unaccomplished tasks are easily identified and should be communicated during the periodic reviews and new deadlines set.

5.4 Limitations of the Study

The targeted group for the research was top management, constituting the managing director and departmental heads. The managing director, who spearheaded the change process, was not available to give his views and opinions, as he had left Total Kenya for other roles within Total group. The findings of the research were collected from departmental heads and where some heads were not available, their representatives were interviewed.

The study was carried out within limited time and resources. This constrained on the scope as well as the depth of the research. The researcher was not able to interview more staff on the roles of leadership in managing change.

The method used in analyzing data was content analysis. This means the results provided were largely subjective depending on the experiences of individual participants, and stemmed from the perceptions and interpretations of the researcher. Additionally, it was not possible to collect all details pertaining to the change process where management felt some information was very confidential.

5.5 Suggestions for further study

This study was designed to involve only the top management, who led the transition process. The involvement of lower levels of management and employees was not covered, though their input is critical in successfully managing change. Further studies can be carried out to identify the level of involvement by lower levels of management in successfully managing change.

The researcher highlighted a number of challenges that leaders experience in managing change. Further research could be carried out to identify ways of handling the challenges experienced in managing change.

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APPENDICES

Appendix 1: Interview Guide

Section 1: Respondent's Profile

Position in the organization…………………….. Department …………………

Section 2: Leadership in Managing Change at Total Kenya Limited.

1) Who was involved in leading others through the acquisition and what were their roles?
2) How would you describe the leadership style used in the organization during the transition?
3) Were there any specific strategies or mechanisms that management put in place to implement and monitor the change process?
4) What mechanisms did you use to increase acceptability during implementation of the change?
5) Was the feedback collected during the acquisition process communicated to the employees?
6) If yes (above), did this increase acceptability of change as well help in rectifying deviations from targets, errors, and in avoiding future pitfalls?
7) What variables did you use to measure the degree of success of the change?
8) Organizations today are faced with challenges in their change processes. What challenges did you encounter during the acquisition?
9) Did you have any structured methodology for responding to the challenges?
10) If yes (above), please specify. If no, how did you tackle the challenges you encountered
11) Was there adequate executive support to employees during the acquisition?