

**MANAGEMENT OF STRATEGIC CHANGE AT INTERNATIONAL  
LIVESTOCK RESEARCH INSTITUTE, KENYA**

**BY:**

**JOHN WASILWA KIMUNGUYI**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI**

**NOVEMBER 2013**

## DECLARATION

This management research project is my original work and has not been presented for a degree in any other University.

Signed ..... Date.....

**John Wasilwa Kimunguyi**

**Registration Number: D61/75888**

This management report has been submitted for examination with my approval as the University Supervisor.

Sign..... Date.....

**Dr. Vincent N. Machuki, PhD**

**Department of Business Administration**

**School of Business**

**University of Nairobi**

## **DEDICATION**

This research project is dedicated to the Almighty God for enabling me to successfully complete this work and to my family, friends and colleagues for understanding me during the period that I was committed on this work.

## **ACKNOWLEDGEMENTS**

I would like to express my sincere gratitude to my supervisor Dr. Vincent Machuki of the School of Business, University of Nairobi, for his guidance on this work. I am also grateful to Dr. Shirley Tarawali, Director of Institutional Planning and Partnerships at ILRI, Dr. Peter Ballantyne, Head of Knowledge Management and Information Services and Miss Nelly Owano, Learning and Development Manager at ILRI for being instrumental in the field to allow this work to be done.

Thank you very much and may God bless you all

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>iv</b>
<b>ABSTRACT.....</b>	<b>ix</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Management of Change .....	2
1.1.2 The Consultative Group on International Agricultural Research (CGIAR) Change Management Initiative.....	4
1.1.3. International Livestock Research Institute (ILRI), Kenya .....	5
1.2 Research Problem.....	6
1.3 Research Objective of this Study .....	7
1.4 Value of the Study.....	8
<b>CHAPTER TWO : LITERATURE REVIEW .....</b>	<b>9</b>
2.1 Introduction .....	9
2.2 Theories Underpinning this Study.....	9
2.3 Strategic Change .....	10
Figure 2.1: Types of change.....	11
2.3 Approaches to Change Management.....	11
2.4 Dimensions of Change .....	12
2.5 Factors Affecting Strategic Change .....	15
2.6 Resistance to Change .....	19

2.8. Dynamic Capability and Business Models.....	19
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>21</b>
3.1 Introduction .....	21
3.2 Research Design.....	21
3.3 Data Collection.....	22
3.4 Data Analysis .....	23
<b>CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS.....</b>	<b>24</b>
4.1. Introduction .....	24
4.2 Context and Forces of Change at ILRI.....	25
4.3 Change Management at ILRI .....	26
4.4 Leadership and Communication of Change .....	28
4.5 Impact of Change at ILRI.....	29
4.6 Challenges of Change Management at ILRI.....	31
4.7 Discussion of Findings .....	32
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS..</b>	<b>40</b>
5.1 Introduction .....	40
5.2 Summary .....	40
5.3 Conclusion.....	43
5.5 Limitations .....	44
5.4 Recommendations .....	45
5.6 Suggestions for Further Research .....	47
<b>REFERENCES.....</b>	<b>48</b>
<b>APPENDICES .....</b>	<b>53</b>
<b>Appendix I: Letter of Request for Permission of Data Collection .....</b>	<b>53</b>
<b>Appendix II: University Letter for Data Collection .....</b>	<b>54</b>

<b>Appendix III: Interview Guide.....</b>	<b>55</b>
---	-----------

## **LIST OF FIGURES**

Figure 2.1: Types of change .....	11
Figure 2.2 Culture web .....	18

## ACRONYMS AND ABBREVIATIONS

<b>ADKAR:</b>	Awareness, Desire, Knowledge, Ability and Reinforcement
<b>CGIAR:</b>	Consultative Group on International Agricultural Research
<b>CGIAR-SRF:</b>	CGIAR-Strategy and Results Framework
<b>CRP:</b>	CGIAR Research Program
<b>CSF:</b>	Critical Success Factors
<b>ILCA:</b>	International Livestock Center for Africa
<b>ILRAD:</b>	International Laboratory for Research on Animal Diseases
<b>ILRI:</b>	International Livestock Research Institute
<b>MNC:</b>	Multinational Corporation
<b>NRS:</b>	Nationally Recruited Staff
<b>SRF:</b>	Strategy and Results Framework
<b>SWOT:</b>	Strengths, Weaknesses, Opportunities and Threats



## **ABSTRACT**

The contemporary business environment is turbulent and fast changing. This turbulence has the potential to create new opportunities or erode competitive advantage for existing firms. To sustain their competitiveness and profitability, companies have to undergo change to renew their capabilities. The purpose of this research is to determine the nature of Strategic Change Management practices adopted at International Livestock Research Institute (ILRI), a non-profit organization. A case study was preferred to get in-depth knowledge of the process by interviewing key members of the organization who participated in the change process. Results show that ILRI responded to changes in its business environment by reconfiguring its organizational structure to incorporate institutions that effectively make the institute dynamic and then through innovation and collaboration came up with an effective strategy to meet its new objectives. If well implemented this strategy has the capacity to revolutionize the livestock sector, ensuring food security and alleviation of poverty. However, due to the fact that the business environment is continuously changing with new inventions/ innovations coming up, there is need for continuous sensing of the business environment to seize any new opportunities that open up. Given that the execution phase had just started, this research would be more complete if further research is done to determine how the new strategy is implemented and its impact.

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Modern organizations exist in a fast changing and turbulent business environment which has the capability to destabilize industries or cause disruptive phase shifts in the way business is conducted. This turbulence can erode a firm's competitive position. However it could also become a source of innovation (Applegate, 2007). Therefore, organizations need to be flexible to respond to the transitory nature of the resultant market demands (Volberda, 1992 as cited in Applebaum, St-Pierre and Glavas, 1998). According to Volberda (1992) change is an important defining characteristic of organizational effectiveness. Two theoretical paradigms that inform strategic change in organizations are the systems and complexity theories (Amagoh, 2008).

According to Amagoh (2008), the Systems concept views an organization as constantly interacting with the environment. The closed system approach considers the environment and the organization's interaction with it to be mostly inconsequential. The open systems approach views the organization's interaction with the external environment as vital for the organization's survival. A change in any elements of the system in open systems causes changes in other elements (Shafritz and Russell, 2005: 241; Wang, 2004:

396 as cited in Amagoh (2008). Studies that exclusively link the external environment and corporate performance are rare (Machuki and Aosa, 2011). However according to Machuki and Aosa (2011) organization performance is contingent upon the organization's appropriate alignment with environmental changes.

Due to the ever increasing complexity of the organizational environment, the systems concepts no longer seem adequate in dealing with complex phenomena (Amagoh, 2008). This led to the emergence of the complexity paradigm in which systems are considered to be evolving or self-organizing into something new (Ferlie, 2007: 155; Byeon, 2005: 226; White, 2000: 167 as cited in Amagoh 2008). The disruptive and fluid process of organizational change can be better understood by integrating complexity and systems theories (Styhre, 2002: 343 as cited in Amagoh, 2008).

The International Livestock Research Institute (ILRI) is a not for profit organization employing about 600 staff from over 40 Nations (ILRI strategy 2013-2022). Following changes in its operating environment, ILRI had to undergo change to ensure that it influences and grasps opportunities afforded by the new research environment. The context under which ILRI operates is a time when the world is facing major challenges in feeding its growing population and when there is high uncertainty about how global forces will affect agriculture and food production in the coming decades (ILRI strategy 2013-2022). For ILRI, food security and poverty alleviation are high on its agenda. This study investigates how ILRI managed its strategic change.

### **1.1.1 Management of Change**

Management of change has been defined by Moran and Brightman (2001 in By, 2005) as the process of continually renewing an organization's direction, structure and capabilities to serve the ever changing needs of external and internal customers. This process needs to be planned, organized, directed and controlled (Gill, 2003).

According to Christian (2006) change involves losing control of the known status quo and entering into an unknown territory and unpredictable future. This could make leaders as well as managers uncomfortable because it often leads to a redistribution of power. The environment is assumed to have the power to select from the group of competitors those organizations which best serve its needs (Hannah et al 1989 as cited in Majid, Abdullah, Yasir, and Tabassum, 2011). Therefore changes in the business environment should trigger changes in the organization so as to maintain strategic fit. This makes change management an important skill to a company.

Successful change implementation requires both skilled management and effective leadership. By definition Change requires creating a new system, which in turn demands leadership (Kotter, 1995 as cited in Gill, 2003) while management produces orderly results which keep something working efficiently (Kotter, 1990 as cited in Gill, 2003). Murphy (2003) adds that while both managers and leaders try to focus the energies of people within the organization to achieve organizational goals, leaders go a step further and engage members of the organization so that they internalize the organization goals as part of their own value system.

The combination of skilled management, effective leadership and broad employee participation should make organization-wide change less traumatic. In planned (top down) approach the responsibility for managing change is with management and executives of the organization. However with increase in the pace of environmental

change, it is not possible for senior managers to identify, plan and implement all the necessary organizational responses (Kanter et al, 1992 cited in By, 2005). In response to this, the emergent (bottom up) approach is now gaining ground in which the responsibility for organizational change has been devolved (Wilson, 1992 cited in By, 2005).

### **1.1.2 The Consultative Group on International Agricultural Research (CGIAR) Change Management Initiative**

The Consultative Group on International Agricultural Research (CGIAR) is a global partnership that unites organizations engaged in research for sustainable development with the funders of this work. The funders include developing and industrialized country governments, foundations, and international and regional organizations. The work they support is carried out by 15 members of the Consortium of International Agricultural Research Centers, in close collaboration with hundreds of partner organizations, including national and regional research institutes, civil society organizations, academia, and the private sector (Castillo, 2012).

According to Castillo, (2012) the need for change in CGIAR arises from a dramatic shift in the world of Agricultural Research necessitating adaption of new methods and a more strategic approach. The CGIAR launched its change management initiative to identify the best way to adapt and anticipate global changes and challenges so as to ensure continued supply of international public goods. This resulted in the adoption of a new business

model to enable it to do more and do better to fulfill its mandate in fighting poverty and hunger while conserving the environment.

Guided by a new vision (to reduce poverty and hunger, improve human health and nutrition, and enhance ecosystem resilience through high quality international agricultural research) and the following three people centered strategic objectives, (food for the people, policies for the people and environment for the people), the CGIAR has undergone reform (Castillo, 2012). According to Castillo, (2012) a new Strategy and Results Framework(SRF) will allow the CGIAR centers to function as a unified system, working together to pursue shared goals. Research priorities and activities will be guided by their potential contributions to the following outcomes: reduced rural poverty, improved food security, improved nutrition and health and sustainably managed natural resources.

### **1.1.3. International Livestock Research Institute (ILRI), Kenya**

ILRI is one of the 15 centers supported by the Consultative Group on International Agricultural Research (CGIAR). It was founded in 1994 by merging of the International Livestock Centre for Africa (ILCA) and the International Laboratory for Research on Animal Diseases (ILRAD). Its mission is to help reduce poverty, hunger and environmental degradation through Livestock research to enhance productivity and sustainability of agricultural systems in the developing world (ILRI Strategy 2002-2010). Its headquarters is in Nairobi, Kenya. It has another Campus in Ethiopia and other offices located in other regions of Africa and Asia.

Given the ongoing reforms in CGIAR, ILRI is currently undergoing change to be in line with the new CGIAR Strategy and Results Framework (SRF). The new CGIAR has organized its research in multi-center, multi-partner initiatives known as CGIAR Research Programs – CRPs (Castillo, 2012). ILRI will be involved in many of the CRPs, and play major roles in three of them: CRP3.7, focusing on increasing the productivity of livestock and fish farming, which ILRI leads; CRP4, on improving agriculture for better human nutrition and health; and CRP7, on climate change, agriculture and food security (MacMillan, 2011).

## **1.2 Research Problem**

The success rate of change programs in general according to Balogun and Hailey (2004 in By 2005) has been poor with a reported failure rate of 70 percent. Since organizations are continuously subjected to elements of change from the environment, it's important that studies are done to increase knowledge of organizational change management. Such study according to By (2005) should enable identification of critical success factors for management of change.

Change at ILRI became necessary in order to take advantage of opportunities created by changes in the CGIAR. Given the dynamic nature of the contemporary business environment, such change cannot be assumed to be a transient issue. This is exemplified by the fact that ILRI's previous strategy (2000-2010) formulated in 2000 was modified in 2002. Therefore there is need for an in-depth study of Strategic Change Management at ILRI so as to identify and document any critical success factors.

Many studies have been done locally and internationally on organizational change management. The list is long and includes the study of strategic change management practices in commercial banks (Mbogo 2003), a survey of strategic change management practices within NGOs in Kenya (Adieri 2000), Management of Strategic Change at the Food and Agricultural Organization (FAO) of the United Nations (Koskei 2010) and Strategic Change Management Practices at DT Dobie (K) Ltd (Musyoka 2010). However no study of Change Management has been done at ILRI. Due to the fact that management is sensitive to context (Balogun 2001), there is need for a detailed study of Strategic Change Management at ILRI to get a deeper understanding of its Change Management practices and the challenges faced so as to identify any critical success factors.

### **1.3 Research Objective of this Study**

The organizational challenge facing practicing managers and researchers is how to effectively manage change in a volatile business environment. It is important to minimize disruptions of ongoing processes while at the same time reconfigure the organization to seize emergent opportunities. This challenge results in the following objective for the study:

- i) To determine how ILRI has managed its strategic change process.
- ii) To analyze the challenges involved in this process.



## **1.4 Value of the Study**

This study gives empirical insight on the nature of management of change in a contemporary global non-profit organization. Apart from adding strength to what is already known through previous research, it can also lead to development of new theory if its findings are extended to other cases and more data collected and analyzed to enable cross case generalization (Dooley 2002). This is because theory building requires the ongoing comparison of data and theory (Glaser and Strauss 1967 as cited in Dooley 2002) and the continuous refinement between theory and practice (Lynham, 2000 cited in Dooley 2002). According to Kuhn (1996 in Dooley 2002) the process is seldom completed by a single man and never overnight.

Practicing managers will find this work useful for shedding light on the consequences and challenges expected in implementing change. The research findings will help them to make informed decisions when faced with changes regarding the best approach to adopt and the best way of dealing with anticipated challenges so as to avoid disruptions. The result will be positive attitude from employees towards change and minimal contingency costs.

To ILRI, there is need for documentation of the challenges encountered, solutions to these challenges and critical success factors identified. This is because we cannot assume this change to be transient given the turbulent nature of the contemporary business environment. The results show that most of the change practices adopted were consistent with conventional change management literature. However there are areas identified that could be improved to make the transition process more effective.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Early approaches and theories on organizational change management suggested that organizations could not be effective if they were constantly changing because people need routines to be effective and improve performance (By, 2005). However this was a time when the business environment was relatively stable. The current business environment is dynamic with fleeting opportunities. For organizations to seize and exploit these opportunities they must be prepared to continuously change and adapt to the changing business environment.

This chapter presents relevant literature on management of change. There is an extensive literature on this subject. However the chapter is not meant to be comprehensive but rather to highlight important issues relevant to this study. The chapter begins by looking at some theories advanced to inform strategic change, definition and types of strategic change, some approaches to Change Management, dimensions of change and some factors that affect strategic change. The final part of the section considers resistance to change, Dynamic Capability and Business Models.

### **2.2 Theories Underpinning this Study**

Many authors have attempted to address how and why organizations undergo change. The pioneer was Kurt Lewin who developed the three stage process of managing change

but so far many other theories have come up. Notable examples include, Bullock and Battern four phase model of planned change, John Kotter's 8 step approach for managing change, Kanter's ten Commandments for executing change, Action Research, Schein's Extension of Lewin's change model, Jick's Ten Step Model, and Shield's five-step model (Pryor, Taneja, Humphreys, Anderson, and Singleton, 2008) . It is therefore important for managers to identify an appropriate change theory or model to provide a framework for implementing and evaluating organizational change

### **2.3 Strategic Change**

Strategic change involves a radical transition within an organization that encompasses strategy, structure, systems, processes and culture (Balogun 2001). It is defined by Van de Ven & Pool (1995 in Rajagopalan and Spreitzer 1997) as a difference in the form, quality or state over time in an organization's alignment with its external environment.

The four main paths of delivering strategic change are as in table 1. According to Balogun (2001), transformational change is a fundamental change which cannot be handled within the existing organizational paradigm and entails changing the organizational culture. To determine the extent of change required a framework such as the culture web in fig. 2.2 (p. 17) is completed for the organization and compared with what is required.

Figure 2.1: Types of change

		Extent of change	
		<b>Transformation</b>	<b>Realignment</b>
Speed Of Change	<b>Incremental</b>	<u>Evolution:</u> Transformational change implemented gradually through interrelated initiatives; likely to be proactive.	<u>Adaptation:</u> Change undertaken to realign the way in which the organization operates, implemented in a series of steps
	<b>Big Bang</b>	<u>Revolution:</u> Transformational change that occurs via simultaneous initiatives on many fronts; more likely to be forced and reactive because of the changing competitive conditions that the organization is facing	<u>Reconstruction:</u> Change undertaken to realign the way in which the organization operates, with many initiatives implemented simultaneously; often forced and reactive because of a changing competitive context

Source: (Balogun, 2001, p.4)

## 2.3 Approaches to Change Management

Scholars have developed various models for handling change. Lewin developed a three stage process of Unfreezing the present behavior, changing to the new behavior, and then freezing the new patterns. This model recognizes the need to discard old behavior, structures, processes and culture before successfully adopting new approaches (Bamford

and Forrester, 2003 cited in By 2005). The model is still relevant today but the speed at which it has to be done has increased dramatically (Pryor et al, 2008)

Lewin's model was adopted as a general framework for change but due to the fact that that it is rather broad, several others have developed on it to make it more practical. By reviewing more than 30 models of planned change, Bullock and Battern (1985) developed a four phase model of planned change (By 2005). This splits the process into exploration, planning, action and integration.

John Kotter of Harvard University developed a more detailed 8 step approach for managing change (Pryor et al, 2008). This involves establishing a sense of urgency, forming a powerful guiding coalition of managers, creating a vision for change and a strategy for achieving it, communicating the vision and strategy, empowering others to act on the vision and strategy, producing short term wins, sustaining the effort by producing still more change and finally institutionalize the new culture to sustain the change. Change involves going through all the eight steps because the eight steps are a process.

## **2.4 Dimensions of Change**

Successful change happens in two dimensions, the business dimension and the people dimension. Business dimension elements include identification of the need for change, definition of the change strategy (scope and objectives), designing of the business solution (new processes, systems, and organizational structure), development of new

processes and systems, implementation of the solution and post implementation evaluation (Hiatt, 2006). Its areas of concern are the scale, magnitude, duration and strategic importance of the change process.

The people dimension involves aligning the organization's culture, values, people and behaviors to encourage the desired results. It requires management of five key phases that form the ADKAR model (Awareness, Desire, Knowledge, Ability and Reinforcement) (Hiatt, 2006). In Awareness we consider how to go about creating awareness for change. Desire looks at strategies which we can employ to create desire in people to participate and support the change process. Knowledge looks at how to facilitate people to acquire the relevant Knowledge for them to sail through the change. Ability to implement the change on a day-to-day basis considers how to empower people to perform as expected. And finally reinforcement seeks to keep the change in place. Research has shown that problems with the people dimension of change are the most commonly cited reasons for project failures (Hiatt, 2006).

Marshak (2006) considers six broad dimensions of organizational change which are: reasons, inspirations, emotions, mindsets psychodynamics and politics. Reasons for change refer to "making a case for change". It is a well-documented, logical analysis of the compelling reasons why the organization must do something different. This is required to avoid irrational resistance. Inspirations for change refers to some kind of vision statement intended to capture the essence of the desired future state. The vision statement is intended to help people think rationally about the change and be convinced

to work towards it. According to Marshak (2006), the power of inspiration to bring about change is that it does not appeal to reason and logic. It enables people to accomplish what is greater than their capability. Emotions dimension of change considers the effect of emotions on the rational and logical analysis of organizational change. Many people react to change with anger and it is unreasonable to expect otherwise. Marshak (2006) notes that avoiding the emotional dimension of change will ensure that unexpressed emotions go underground and covertly impact any change initiative.

Mindsets according to Marshak (2006) are deeply ingrained assumptions, generalizations, or even pictures or images that influence how we understand the world and how we take action. They are expressed as organizational cultures and can prevent people from imagining possibilities that exist outside of their unexamined assumptions. Dramatic organizational change is only possible when prevailing covert mindsets are made overt, challenged and modified (Marshak, 2006) Psychodynamics refers to the covert, unconscious reactions to change. Some resistance to change can be triggered by unconscious reactions to the anxieties triggered by organizational change.

The political dimension of change according to Marshak (2006) refers to a case where people are encouraged to advance their own interests and needs when they respond to organization change initiatives. It is consistent with the emergent model of change which is bottom-up as opposed to the planned model which is top-down (By 2005). Lewis (2002) argues that managerial decisions are often based on political assumptions. The political dimension of organizational change assumes the existence of conflict and

opposing views. This is the pluralist view which according to Burrell and Morgan (1979 in Lewis 2002) emphasizes the diversity of individual and group interests. Conflict is seen as normal, to be lived with, managed and resolved.

## **2.5 Factors Affecting Strategic Change**

There are various factors that influence the success of a change program. These include visionary leadership, organizational context, culture, structure, and teamwork, resistance to change, politics and conflicts. All these need to be considered while planning to achieve a successful change process.

On leadership Graetz (2000) argues that for the modern organization which is characterized by the turbulent business environment, the traditional organization structure, with its hierarchical top-down approach, centralized control and historically entrenched values of stability and security is out of place. The trend now is for flatter, flexible and agile organizational forms (Bahrami, 1992 as cited in Graetz 2000) in which the boundaries are “fluid and permeable” (Useem and Kochan, 1992; Kanter et al., as cited in Graetz 2000). This has changed the leadership role from the traditional authoritarian, command and control style to a more open, participative management style. According to Graetz (2000), to be effective in an environment of change and flux, leaders need to integrate operational know-how with strong interpersonal skills. This involves being both instrumental and charismatic. Key elements of instrumental leadership are organization design, control and reward which “involves managing environments to create conditions that motivate desired behavior” (Nadler and Tushman, 1990 as cited in



Graetz 2000). Charismatic leadership is personalized leadership and is characterized by strong interpersonal skills.

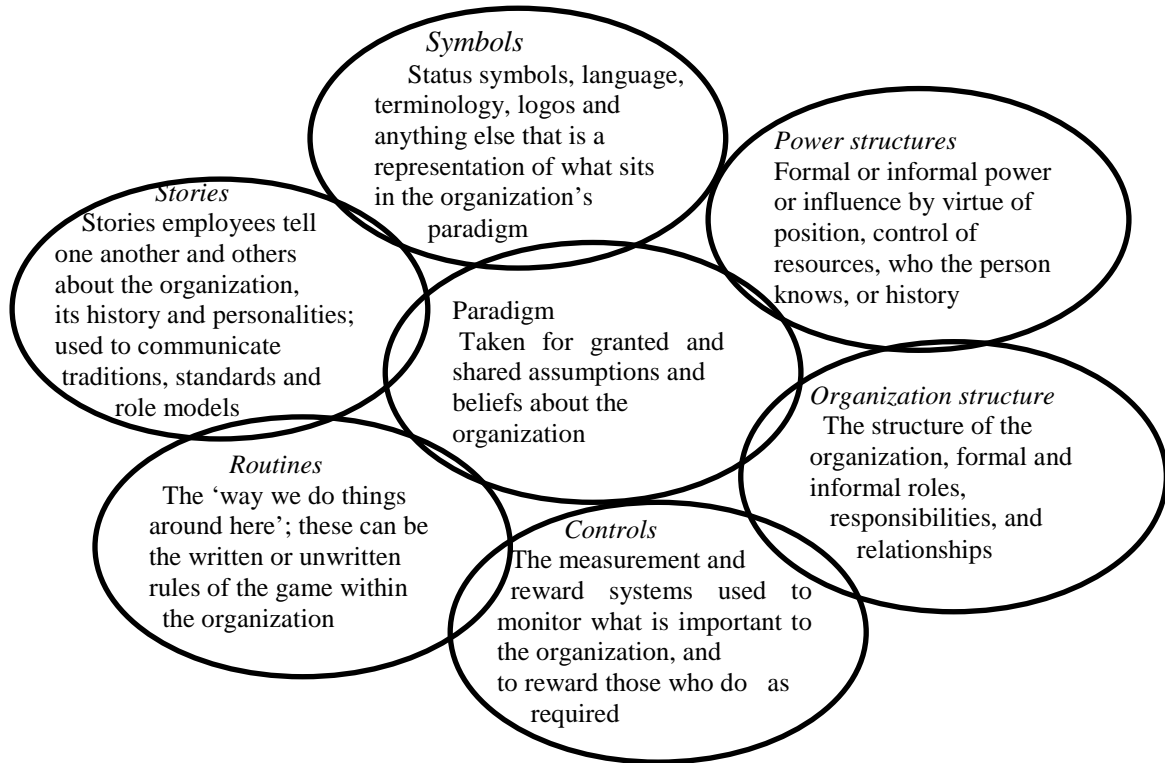
The context of organizations according to Lau (1999) can be divided into two categories: internal context and external context. Internal context includes the organizational structure, culture, distribution of power, skills base, internal resources, and so on while external context include wider elements of an organizations environment such as the economic, legal, environmental and social context within which the organization operates. If the external context is changing then the internal context also needs to change. In another view, Conway (1995 in Woodward and Henry 2004) distinguishing between “task performance” and “contextual performance”. “Task performance” refers to the core technical behaviors involved in the formal job description while “contextual performance” refers to the behaviors that support the situation in which technical behaviors take place. These include team working, helping colleagues, professionalism and supporting organizational objectives all of which are discretionary non-job specific competencies but are important for supporting organizational long term success. Both types of performance are important to organizational change.

A team according to Katzenbach & Smith (1993 in Harvey, Millet and Smith 1998) can be defined as a small number of people, with a set of performance goals, who have a commitment to a common purpose and approach for which they hold themselves mutually accountable. In teams employees have increased autonomy, participation and ownership what enhances organizational innovation. Key team players should be

committed members of the senior executive because only top management has the power to bring about major cultural change (Kotter, 1995; Bertsc and Williams, 1994; Useem and Kochan, 1992 as cited in Graetz 2000). Knowledge sharing is important so that a good idea is not used just once but is made available to the benefit of the entire organization to meet immediate needs.

Organizational culture refers to the basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously and define in a basic “taken for granted” fashion an organization’s view of itself and its environment (Johnson 1992). It is an interlinked set of organizational subsystems with the paradigm driving the visible manifestation of culture (Balogun 2001). The paradigm represents a set of core beliefs and assumptions which managers develop over time about a particular organization. It creates a relatively homogeneous approach to the interpretation of the complexity that the organization faces. Johnson (1992) points out that the organizational paradigm has the potential of dominating strategy development causing resistance to significant change in response to environmental changes. This is because managers are likely to discount evidence contrary to the paradigm. The result is strategic shift necessitating a more radical change in strategy. The culture web is shown in fig 2.2.

**Figure 2.2: Culture Web**



**Source: (Balogun 2001, p.5)**

Existing organizational architecture reflect old strategies. Therefore when there is change management should actively realign its business architecture to reflect the new strategy. Successful organizations always adapt their structure to the needs of their mission (Appelbaum, St-Pierre and Glavas(2000). According to (Tushman and O'Reilley 2006) successful organizations change must involve strategy, structure, culture and people.

## **2.6 Resistance to Change**

Resistance is a phenomenon that affects the change process, causes delays to its implementation or increases its costs (Ansoff 1990 as cited by Manuela and Martinez 2003). According to Maltz (2008) resistance is in two forms, Overt and Covert. Overt resistance is obvious opposition, disagreement, arguing, debating, and etc., to any change effort. Covert resistance can either be conscious or unconscious. Conscious covert resistance is when employees are concerned about the consequences of their actions such that they agree to change and then delay its implementation. Unconscious covert resistance is when we are not even aware of our resistance but unconsciously resist such as becoming ill, fail to achieve or avoid for no apparent reason (Maltz 2008).

According to Graetz (2000), resistance to change in an organization would come from business unit leaders whose status and power base would be undermined by new behaviors. These leaders would be less enthusiastic about altering old habits. However resistance could also be a source of useful information in learning how to develop more successful change (Ijaz and Vitalis 2011). Resistance needs to be well managed for successful change.

## **2.8. Dynamic Capability and Business Models**

Dynamic capability is the ability of a firm to constantly renew its functional competences so as to achieve long term competitive advantage (Protogerou, Caloghirou and Lioukas 2008). Three dimensions that support dynamic capabilities are the managerial capability, learning capability and strategic flexibility (Pettus, Kor and Mahoney 2007). Managers

according to Pettus, et al, (2007) identify new product applications in a firm's existing and new markets where the firm can productively deploy its resources and knowledge. Organizational learning is a dynamic capability according to Pettus, et al, (2007) that continuously generate economic value through development of new ideas and renewal of existing capabilities. This goes beyond academic training and enables firms to identify new ideas and production opportunities (exogenous and endogenous) resulting in enhanced productive capacities. Strategic flexibility according Pettus et al (2007) requires organizational routines that reconfigure a firm's resources to adapt to changes in the external environment or to create specific changes in the external environment. Dynamic capability is necessary for firms operating in fast changing environments.

A business model defines how an enterprise delivers value to customers, entices customers to pay for that value and converts the payments to profits (Teece, 2009). According to Casadesus-Masanell and Ricart (2010), every organization has some form of business model. Innovations in business model design can either be in the content of its activity system, its structure or the governance (Amit and Zott 2010). According to Teece (2009), organizations with strong dynamic capability not only adapt to business ecosystems but also shape them through innovations and collaboration with other enterprises, entities and institutions.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

While deciding on the research method to adopt, the researcher considered the fact that this study required in-depth investigation of a complex social phenomena within its real life context. It was necessary that the method adopted does not disrupt the process so that the findings give a true reflection of the phenomena. This chapter gives an overview of the research methodology that was adopted. It covers the research design, data collection and the method of data analysis that was used.

### **3.2 Research Design**

Since this study required investigation of a complex phenomenon within its real life context, a case study approach was found suitable. According to (Yin 2003), a case study would be the most appropriate approach when the focus is to answer “why” and “how” questions, when it is not possible to manipulate the behavior of those involved in the study, when it is necessary to cover the contextual conditions and when the boundaries are not clear between the phenomenon and the context. All these conditions were found applicable to the study that was carried out at ILRI.

A case study is defined as an empirical inquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 2003). Since there were no other cases for replication, a single case study design was

adopted. However a single-case design has the drawback of inability to provide a generalizing conclusion, especially when the events are rare (Zaidah 2007). To overcome this, the researcher triangulated the study with other methods to confirm the validity of the process.

The research was carried out at ILRI Headquarters based in Nairobi. However the scope of resolutions made are applicable globally to other regions where ILRI carries out its work. This work particularly benefitted from the fact that it was commissioned by two senior managers of the institute; the Director of Planning and Partnerships and the Head of Knowledge Management and Information Services. This contributed to the validity of the process by strengthening the significance of the research to the respondents.

### **3.3 Data Collection**

Primary data was collected by carrying out personal interviews with three key managerial staff who participated in the process. Open ended questions were preferred in the interview to capture subtle distinctions. The interview was primarily driven by research questions outlined in the interview guide included in appendix. A pilot test on the interview guide was conducted by the researcher to uncover and correct any problem areas before proceeding to the field.

To improve on the validity of the data collected the researcher complimented the above method with participant observation. In this case the researcher attended and actively participated in several meetings on ILRI strategy engagement process, noting down the

observations made. Secondary data was also collected by analyzing the institute change documents. The different data collection instruments used enhanced validity in the study by enabling triangulation during data analysis. To get a complete picture of the process, the researcher also interviewed some selected respondents from the general staff.

### **3.4 Data Analysis**

Given that the data collected was qualitative, content analysis was the preferred method of analysis. Content analysis has been broadly defined as any technique for making inference by objectively and systematically identifying specified characteristics of messages (Stemler 2001). The method is applicable to open ended interviews, document analysis and observation in which narrative data is collected (Powel and Renner, 2003).

The data was categorized and studied to identify unique patterns that inform the nature of strategic change adopted and challenges experienced. Part of the data analysis was done during data collection to facilitate early investigation of any emergent issues. As a result, the researcher was given a site to download all documentation used in the process.



## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS**

### **4.1. Introduction**

This study sought to find out how ILRI has managed its strategic change and the challenges associated with this process so as to identify critical success factors. The context under which ILRI operates is a time when the world is facing major challenges in feeding its growing population and when there is high uncertainty about how global forces will affect agriculture and food production in the coming decades (ILRI strategy 2013-2022). In response to these challenges the CGIAR, of which ILRI is a member organization, underwent change to come up with a new goal which is to achieve reduction in rural poverty, improved health and nutrition, and improved food security without detriment to the environment (Castillo, 2012). This prompted ILRI to reorganize itself in order to grasp the opportunities afforded by the new research environment.

Primary data was collected by carrying out personal interviews with three key managerial staff who participated in the process. To get a complete picture of the process, the researcher also interviewed some selected respondents from the general staff. The researcher collected another data by personally participating in strategy engagement meetings and analyzing documents used in the change process.

In this chapter the findings of the study are presented together with discussions based on the data collected. The first part presents the data collected categorized as context and forces of change at ILRI, the change management process, leadership and communication of change, the impact of change and the challenges experienced. In the final part a discussion is presented based on the findings.

## **4.2 Context and Forces of Change at ILRI**

Respondents were asked to comment on what factors triggered the current changes on ILRI strategy. They responded that there were changes in the external environment, trends and issues that had come to the forefront. The CGIAR and donor requirement had changed and this made it necessary for ILRI to change so as to become more effective and relevant. To achieve this it was necessary for ILRI to come up with a new and up to date strategy.

In response to the above forces ILRI sought expert input from several global leaders and thinkers. This resulted in identification of seven key external (to ILRI) factors that would affect policy and practice in Agriculture and food production over the next 10 – 15 years (ILRI Strategy 2013-2022). A SWOT analysis was performed to identify ILRI's strengths, weaknesses, opportunities and threats. The entire process involved wide internal and external engagement with stakeholders and partners, using both online and face to face consultation.

### **4.3 Change Management at ILRI**

Respondents were asked to state how this change has affected ILRI mission, vision and values. The response was that there was an expansion from the original focus on poverty reduction for the poor livestock keepers. Emerging challenges necessitated expansion to a wider vision of livestock commodities in developing country food systems and how they can evolve to improve food security while reducing poverty in a way that is environmentally sound and has positive human health outcomes (ILRI strategy 2013-2022).

Thus the focus is now inclusive to meet future challenges and has three main approaches; Inclusive Growth Systems, Resilient Systems and Growth with Externalities (ILRI strategy 2013-2022). Inclusive Growth Systems involves facilitating structural transition from a majority of small holder households keeping livestock in low production systems to a livestock sector raising productive animals in more efficient, intensive and market linked systems. Resilient Systems looks at areas with ecological constraints and involves incremental growth emphasizing enhancement of the role of livestock for resilience, both in terms of ecosystem services and household/ community livelihoods. It involves introduction of technologies and institutions to protect livestock assets of the poor and their contribution to stewarding the natural resources upon which they rely. Growth with externalities looks at intensified small-scale livestock systems with emphasis on understanding and anticipating the potential negative impacts of small-scale livestock

intensification. The strategy team developed a strategy story line describing these new strategic initiatives and the entire ILRI staff was involved in refining it.

From analysis of its environment ILRI came up with five Critical Success factors (ILRI strategy 2013-2022). To ensure that significant changes are done in a systematic manner respondents commended that ILRI adopted the five Critical Success Factors, (CSF) as an organizing mechanism for managing the strategic change, restructuring and roles of CGIAR Research Programs (CRP) focal points. Definition of strategies for Critical Success Factors was done ensuring that recent restructuring would support the new strategy. There was training of staff on change management and to keep track of the entire process the strategy team developed a table indicating the strategy engagement milestones. ILRI complimented its expertise by engaging the services of professional consultancy services. These include performance management consultants, strategic management consultants and livestock experts.

According to respondents a factor that favored this change was the change process at the CGIAR with the initiation of CGIAR Research Programs (CRPs) signals from donors. Respondents also mentioned changes in management personnel as having aided this change. There was change of the Director General and Deputy Director General. The partnership and communications Director also resigned and the position was left vacant. However his responsibilities are now handled by other departments.

Asked to state the positive aspects of the change process, a majority of respondents stated that they were impressed that it was transparent with open consultation. They commented that an effort was made to make it “a strategy of all of us and not just management”. Regular meetings were held to update staff on the progress and get input from all stakeholders. Respondents were also impressed with communication and commented that it was a positive aspect in this change.

Asked about the pace of change respondents said that it was a bit slow. One staff commented that it would be better to tell staff at once what they expect than keep them guessing on what is next. Another respondent looked at the strategic thinking process and commented that it has been continuous and fast. However its translation into implementation and changing the ILRI culture has been continuous but much longer. On how ILRI is currently responding to these changes, respondents commented that ILRI is currently developing the critical success factor strategies. This process also involves trying to position ILRI strategically for the next funding cycle for the CGIAR Research Programs (CRPs).

#### **4.4 Leadership and Communication of Change**

The change process was started by the previous director of ILRI and handed over to the present director. On assuming leadership of ILRI the new director promised on his first speech that it will not be business as usual. He established the Institutional Planning and Partnership unit and formed a team of senior managerial staff to lead the strategy engagement process. This team has coordinated several internal and external

engagements of stakeholders on ILRI strategy. A business development unit was introduced in the organization structure and there have been numerous appointments. His vision was that ILRI grows from a 46 million dollar to 150 million dollar organization.

Respondents stated that the two leaders were proactive in pushing ILRI to be more relevant and effective by engaging effectively in the CGIAR change and CGIAR Research Programs (CRPs). ILRI leadership played a key role in communicating the need for change to ILRI staff. To effectively communicate change to staff, ILRI took advantage of the many different communication instruments available ranging from town halls, staff discussions – face to face and virtual, strategy blog, strategy wiki, ILRI-net updates, email messages, surveys, and livestock exchange meetings. This made it possible to reach most of its staff. A survey was carried out to determine actual participation of staff in the various communication instruments. It was discovered that actual participation was spread in all instruments. This shows that to capture most staff it is necessary to take advantage of as many engagement tools as possible.

#### **4.5 Impact of Change at ILRI**

The change process led to reorganization of ILRI management structure under two Deputy Director Generals and attempts made to accommodate the CGIAR Research Program (CRP) management needs. A matrix structure was adopted for the organization. Two other departments were introduced; the Institute Planning Unit and the Business Development unit. The learning and Development unit was also strengthened by employment of additional staff.

Other changes that have taken place are the recognition of the need to influence the global livestock agenda, the need to demonstrate more commitment to impact and being able to provide evidence of the impact. There are potential changes in research portfolio and the way ILRI does business. From the last budget data, ILRI now has grown to a 75 million dollar organization.

To improve on service delivery, ILRI is creating an operational support program called One Corporate System (OCS). This is a cross-center initiative of the CGIAR and its consortium office aimed at creating a common system for managing projects, human resources, finances and other administrative and reporting functions. It will replace the current administrative and management software and should strengthen partnerships by facilitating cross center flow of information (Wayne R., 2012).

The benefits of this process have been more focus on development outcomes instead of either basic research or research for the sake of it. It stimulated critical questioning of whether ILRI is well structured and is implementing activities that move it towards the new thinking. This process, according to respondents, should make ILRI more relevant and attractive to partners and donors if well implemented. It has potential to increase resource mobilization.

## **4.6 Challenges of Change Management at ILRI**

ILRI has a well-established corporate culture with a long history that effectively supported the previous strategy. According to the respondents, this culture offered resistance to change. Other challenges included funding and programmatic uncertainty from the consortium. Respondents also complained of existing commitments that slowed down the “ability to re-tool”. There were also decision challenges at the commencement of this change process. The first case was that if ILRI decided to go for a complete change, then it is likely that donors would adopt a wait and see attitude to find out what competence ILRI builds up before releasing project funds. The other case was as to whether ILRI should go through a gradual or fast change. ILRI opted for the gradual change which allows learning through the change process.

Given that ILRI had adopted a matrix structure, respondents complained of complex reporting lines. The researcher also experienced the challenge of ILRI Programs being headed by Scientists who are not trained managers. This limited the type of questions that could be asked. When asked to mention the negative aspects of this change the response was varied. It ranged from strategy looking more of a top level activity, too much jargon, laying off some staff, limited synthesis, too much e-mail traffic on ILRI strategy, over-engagement, a time consuming risk, and consultation being kept at a high level while others said nothing was negative. There was no common issue for this case and it appears it all depended on individual experience.



The researcher also noticed that throughout this process ILRI worked without a staff council for Nationally Recruited Staff (NRS). Efforts to start one were fruitless as management could not agree with selected NRS representatives. Respondents also stated that the NRS staff in general was not motivated and management needed to seek ways to inspire them. And then finally the other challenge was that some staff lost their jobs.

#### **4.7 Discussion of Findings**

The past strategy of ILRI focused on pathways out of poverty for the poor livestock holder (ILRI Strategy, 2002-2010). A more recent assessment of regions identified as having most poor livestock keepers which have been within the geographic focus of ILRI indicated that these regions still dominate in this aspect (Robinson et al. in ILRI Strategy, 2013-2022). According to the researcher this was the internal force pushing ILRI to undergo change to become more effective. However analysis of respondent data and further document analysis revealed an external force for strategic changes at ILRI. According to respondents the need for change at ILRI was triggered by changes in its external environment. They commented that there were trends and issues that had come to the forefront. The CGIAR, of which ILRI is a member, had undergone change. This required ILRI to change so as to grasp opportunities created by this change.

Faced with such an environment, ILRI responded by assessing the industry environmental conditions and then performed a SWOT analysis to determine its strengths, weakness, opportunities and threats. This is consistent with standard practice by managers in volatile business environments (Kim and Mouborgne, 2009). The result of the environmental scan was identification of seven key external (to ILRI) factors that

would affect policy and practice in Agriculture and food production over the next 10 – 15 years (ILRI Strategy, 2013-2022). The researcher analyzed the following steps and found them consistent with Kotter's 8 step approach for managing change (Pryor et al., 2008). When the new director reported he declared that it will not be business as usual at ILRI. This created a sense of urgency in the institute. He immediately formed a team of senior managers and appointed a planning manager to lead the team thus creating a powerful guiding coalition. The Vision for change was that ILRI should grow from 50 million dollar to a 150 million dollar organization. This vision mobilized the organization into action by defining a target that could not be achieved through business as usual actions. This is consistent with a proposition by (Kaplan 2010). The team immediately started consultations with stakeholders to come up with an up-to-date strategy for ILRI. Throughout the process communication was well handled and everybody had an opportunity to contribute. What we could consider short term wins is the fact that there were many staff appointments and ILRI has now grown to a 75 million dollar organization. The Director General on several occasions pointed out these wins during town hall meetings.

Respondents commenting on the pace of change at ILRI said that it was a bit slow. One respondent commented that it would have been better to be told at the beginning what is expected than keep people guessing what is next. This is expected given that change is normally a period of uncertainty and tension. Kaplan (2010) could have anticipated this when he introduced another step (a tool) in Kotter's 8 steps linking the vision to the strategy. He introduced a tool called 'Strategic Agenda' between crafting the vision and

developing the strategy. It gives a tabulated comparison of the current status of several organizational structures, capabilities and processes with what they need to become over the next three to five years. Application of this tool could have helped workers out of an anxiety situation by providing some explanation of what is to come.

Two themes identified by the researcher in this change process are Dynamic Capability and Innovation. Given that ILRI is now operating in a fast changing business environment, dynamic capability is necessary for sustainable competitive advantage. Three dimensions that support dynamic capabilities are the managerial capability, learning capability and strategic flexibility (Pettus, Kor and Mahoney 2007). After introduction of the Institutional Planning and Partnership unit and strengthening of the Learning and Development unit, ILRI is now well set to be dynamic as there was already a well-established managerial function. But for them to make ILRI dynamic, these three units need to be closely coordinated and enhanced. For instance the learning and development unit might need input from Principal Scientists who understand the strategic direction of the organization. However ILRI has devolved most of the functions of the planning unit to project level, what is not consistent with conventional literature.

In this change process there was innovation at the CGIAR in the governance structure of its business model to come up with a consortium. The consortium was organized such that proposals for research from members of the Consortium are strictly evaluated by experts for relevance to the CGIAR vision and objectives before funding is granted. This has created the resemblance of an open market economy whereby only the best in the

market are selected. Such an environment has the potential to enable greater efficiency and impact if well administered. However ILRI research goes beyond what is handled by the Consortium. Perhaps greater efficiency could be attained by channeling all projects funding through the consortium for evaluation and analysis.

At the institute level ILRI has innovated in its business model content from an initial focus to poor farmers to an expanded inclusive focus to meet the future challenges of addressing the role of livestock to address food security, poverty, environmental and health issues. This resulted in identification of three main approaches; Inclusive Growth Systems, Resilient Systems and Growth with Externalities (ILRI strategy 2013-2022). Inclusive Growth Systems involves facilitating structural transition from a majority of small holder households keeping livestock in low production systems to a livestock sector raising productive animals in more efficient, intensive and market linked systems. This is a revolutionary change because traditionally ILRI focused on poverty reduction for poor livestock keepers. Resilient Systems looks at areas with ecological constraints and involves incremental growth emphasizing enhancement of the role of livestock for resilience, both in terms of ecosystem services and household/ community livelihoods. It involves introduction of technologies and institutions to protect livestock assets of the poor and their contribution to stewarding the natural resources upon which they rely. Growth with externalities looks at intensified small-scale livestock systems with emphasis on understanding and anticipating the potential negative impacts of small-scale livestock intensification. This is an extension of the first approach because it looks at the consequences of inclusive growth.

To sustain competitiveness, the new strategy should not be static but dynamic to incorporate new inventions/ innovations that open up. In a fast paced globally competitive environment, consumer needs, technological opportunities and competitor activity are constantly in a state of flux (Teece, 2009). This opens up opportunities for both new comers and incumbents, putting incumbents at a risk. Therefore there is need for organizational sense making and strategic flexibility. According to Voelpel et al (2008), continuous organizational sense making is critical for both researchers and managers because disruptive innovations are now occurring in almost all industries. However given the fact that ILRI is a non-profit organization, it also faces the challenge of having institute performance measurement parameters which might not be as sensitive as profit to a commercial organization. If these parameters are well identified and sensitive, they would assist in monitoring performance and enable the Institute to avoid strategic drift ensuring attainment of institute goals.

ILRI had an organizational architecture that effectively supported the previous strategy. After strategic change, there was need for changing its structure to one that effectively supported the new strategy. For this purpose ILRI adopted a matrix design which, considering the nature of its operations is sufficient. This is because in its operations ILRI incorporates projects and functional administration what would fit well in a matrix allowing focusing on both projects and functional units. However respondents complained of complex reporting lines, an issue that is expected in a Matrix structure

(Kuprenas, 2001). A solution to this would be to train managers on how to operate effectively within a matrix structure.

ILRI has also invested in acquiring new skills (people), new state of the art research instrumentation and an operations support software referred to as One Corporate System (OCS). OCS is a cross-center initiative of the CGIAR and its consortium office aimed at creating a common system for managing projects, human resources, finances and other administrative and reporting functions (Wayne, 2012). It is to replace the current operational software and will facilitate collaboration between centers. According to respondents, ILRI had a strong culture that effectively supported the previous strategy. However respondents commented that this culture offered resistance to the change process. To successfully implement the new strategy, ILRI needs to build up a new culture supportive to the new strategy. This is because successful change must involve strategy, structure, culture and people (Tushman and O'Reilley, 2006). In this case ILRI has restructured all of the above apart from culture.

ILRI leadership adopted a flat and lean form of organization with most non-core functions outsourced. This is consistent with Graetz (2000) statement that the current trend is for flatter, flexible and agile organizational forms. A lean and flat form of organization has the advantage of flexibility and helps to alleviate the inertia caused by bureaucracy. Asked as to whether the new changes have added value to ILRI the answer was affirmative indicating proper articulation of strategy by the leadership which is a sign

of good leadership according to Murphy (2003). According to respondents, ILRI leadership was also very instrumental in communicating the need for change to staff.

To effectively communicate change, ILRI took advantage of many different communication instruments available to reach all staff. Communication instruments used included email messages, town halls, staff discussions (face to face and virtual), strategy blog, strategy wiki, ILRI-net updates, surveys, and livestock exchange meetings. Analysis of the results revealed that participation was spread throughout all instruments. This shows that it is advantageous to use as many staff engagement tools as possible in trying to reach all staff. A factor that was pointed out as positive in this change is the fact that it was transparent. Respondents commented that “an effort was made to make it a strategy of all of us, not just management”. What could have made this possible is the communication strategy adopted.

Respondents mentioned challenges of existing commitments slowing down ability to “re-tool”. This is a case that needs reconfiguration (a managerial function). According to Teece (2007), the old and the new must compliment in the enterprise. It requires asset realignment and redeployment to minimize internal conflict and maximize complementarities and productive exchange. There was also the challenge of funding and programmatic uncertainty from the consortium. For this purpose ILRI established a Business Development Unit to handle resource mobilization and facilitate smooth flow of funds. Outsourcing of non-core staff at ILRI is another area that posed a challenge such that although there was efficiency in some service delivery, in other cases the result was

work overload leading to service delays. A factor could have aggravated this is the fact that many tasks that were considered routine now needed to be advertised to get a competent bidder. However the structure is still evolving and hopefully efficiency may be gained with time.



## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

The contemporary business environment is increasingly becoming more and more dynamic. For organizations to remain competitive they need to renew their capabilities as the business environment changes. This paper presents a research report on how International Livestock Research Institute (ILRI) reorganized itself to take advantage of opportunities created by changes in its operating environment. It sheds light on the nature of strategic change management practices adopted at ILRI.

The data was collected through a case study in which three key leaders of the organization who participated in the process were interviewed. Some other members of general staff were also interviewed to get a complete picture. The researcher collected more data through participant observation and analysis of strategy engagement documents. This chapter presents a summary of the findings, conclusions made, recommendations, implications, limitations and suggestions for further research.

### **5.2 Summary**

The change process at ILRI was triggered by some internal forces and external environmental changes that required ILRI to reorganize and become more effective. In response to these forces, ILRI scanned its environment and establish some key factors

that would affect policy and practice in Agriculture and food production and then by engaging its stakeholders came up with a competitive strategy for implementation. This approach is consistent with standard practice for managers in volatile environments. Analysis of the data reveals a clear effort by ILRI to build up dynamic capabilities. The change process was found to be consistent with Kotter's 8 steps process of organizational change.

Three capabilities necessary for an organization to be dynamic are possession of managerial, learning and strategic flexibility. This is necessary for an organization operating in a fast changing business environment. Following the change process ILRI incorporated all these departments in its structure. Therefore the Institute is effectively well set to be dynamic. However there is need for development and coordination of these institutional units to make them more effective for this purpose.

Organizations become dynamic by continuously applying innovation and collaboration to meet strategic goals. In this change process there was innovation in business model design. Innovations in business model design can either be in the content of an activity system, its structure or the governance. At the CGIAR there was innovation in governance structure to come with a consortium that encouraged competitiveness in funding and collaboration among research centers. At the institute level there was innovation to shift from the initial focus on poor livestock keepers to an expanded inclusive focus to meet the future challenges of addressing the role of livestock in addressing food security, poverty, environmental and health issues. Also now there is

more focus on development outcomes instead of either basic research or research for the sake of it. The challenge facing ILRI now is coming up with Institute performance measurement parameters which are as sensitive as profit to a commercial organization. These would assist in monitoring performance, triggering relevant action promptly to avoid strategic drift and ensure attainment of institute goals.

For companies to successfully evolve through evolutionary/ revolutionary change they need to go through simultaneous shift in strategy, structure, culture and people. For this change ILRI came up with a new and up to date strategy and for its structure adopted a matrix structure. There have also been changes in people (skills) and technology. For ILRI to successfully implement the new strategy, it will be necessary to work on changing the remaining aspect; culture. ILRI needs to develop a new culture that supports the new strategy. To facilitate collaboration, ILRI has established the necessary structures and acquired One Corporate System software.

In leadership ILRI adopted a flat and lean organizational structure with most non-core services outsourced. The leadership was instrumental in communicating change to staff. A critical success factor that was considered positive in this change is the fact that the process was transparent, a fact that was facilitated by an excellent communication strategy adopted. Challenges faced by ILRI in this process include a strong culture supporting the previous strategy, conflict between the old and the new within its organizational structure and the fact that some staff had to be declared redundant. There

was also the challenge of lack of career growth for its staff as a result of a flat administration structure previously adopted.

### **5.3 Conclusion**

In a fast changing business environment, organizations have to go through change to renew their capabilities so as to sustain their competitive advantage. The forces of change at ILRI were found to originate from both internal and external sources. In response these forces, ILRI scanned its environment to establish its strengths, weakness, opportunities and threats. The result was identification of seven key factors that would affect policy and practice in Agriculture and food production over the next 10 – 15 years.

Analysis of the data collected revealed that ILRI responded by establishing in its organizational structure units that effectively made it dynamic. Then through innovation and collaboration, ILRI came up with an up to date strategy of meeting its new strategic objectives. To facilitate efficient flow of services, ILRI established a supporting organizational structure and acquired necessary skills (people, software and modern technological Instrumentation). ILRI leadership was found to be lean and flat but instrumental in the change process. Analysis of the findings revealed that the change process was consistent with Kotter's 8 step process and most of the empirical studies.

However the researcher found out that ILRI had devolved most of its planning services to program level, what is not consistent with empirical literature. ILRI was found unique in having only one staff for the planning unit and relying on external outsourcing for strategy services. In most empirical literature strategy services are not outsourced due to

their critical nature to the success of the organization. However several other programs reported to this unit, such as the Business Development unit and Intellectual Property. Perhaps the bulk of work of planning is handled by these units. Given that the business environment is continuously changing, the Institute Strategy should not be static but flexible to incorporate new opportunities that open up. This makes it necessary for continuous organizational sense making and adjustment of Institute strategy, what would require more capacity for the planning unit.

ILRI faced challenges of having a strong established culture resistant to change, conflict between the old and the new within its organizational structure and the fact that some staff had to be declared redundant. A critical success factor that was considered positive in this change was the fact that the process was transparent, a fact that was facilitated by an excellent communication strategy adopted. ILRI organization structure is still evolving and the researcher expects additional efficiency and alignment to be attained as the new strategy is executed.

## **5.5 Limitations**

Considering the fact that a single-case study approach was adopted, these findings might have limitation of providing a generalizing conclusion. It is also possible that biased views from respondents could have influenced the conclusions. However this limitation was minimized by triangulating the study with other methods in order to confirm the validity of the process.

The limitation faced in the field was the fact that the change process was still on-going. For this reason ILRI management was concerned about the sensitivity of this research. Due to its sensitive nature, there was a requirement that the results from this work be kept strictly confidential and the research restricted to strategy engagement process alone. Also since the execution phase had not started it could not be researched. The researcher was also challenged by the fact that ILRI programs are headed by professional scientists who are not trained managers. This limited the type of questions that could be asked.

## **5.4 Recommendations**

Findings from this research show that following this change, ILRI incorporated in its organizational structure all the three dimensions necessary for it to be dynamic. However these units need to be enhanced with input from scientists and closely coordinated for them to make the institute dynamic. Therefore collaboration among these units should be encouraged and reward systems can be designed to reinforce this aspect.

ILRI has had a strong culture that effectively supported the previous strategy. According to respondents this culture offered resistance to the change process. To successfully implement the new strategy, ILRI needs to build up a new culture supportive to the new strategy. New values that reinforce the new strategy should be introduced to staff and some reward system introduced to encourage this transformation.

Respondents also mentioned challenges of existing commitments slowing down ability to “re-tool”. The old and the new must be compliments for efficient enterprise performance. This case requires asset realignment and redeployment to minimize internal conflict and maximize complementarities and productive exchange (a managerial

function). Also given that the contemporary business environment is fast moving, managers need to embrace ambidexterity and lean to exploit the present as they explore new ground. Therefore some training on this aspect would help managers to improve their productivity.

Of particular interest to the researcher is the newly introduced Business Development unit. Apart from its current function of resource mobilization, this unit could also be mandated to come up with competent and well researched business models for commercialization of inventions and innovations. The unit could adopt open innovation and go beyond inventions/ innovations done at ILRI to be exhaustive in meeting customer needs. A business model enables commercialization of inventions/ innovations and is a useful vehicle for taking technological inventions and innovations to the people. This could have been the missing dimension for ILRI to realize great impact. Well researched, working business models could also encourage well-resourced investors to invest in this sector to enable ILRI to achieve its objective of becoming inclusive. This is because many would be investors are kept away by limited knowledge of how to invest in this sector profitably.

The business development unit is also well suited to come up with business models for collaboration with Multinational Corporations (MNCs). ILRI has the advantage of knowledge of the local communities and cultures due to its length of experience and research in these countries while the private enterprise has the advantage of expertise in competent supplies and value chain management. By combining this knowledge it is possible to come up with business models of meeting the local needs and alleviating

poverty profitably. Due to their good knowledge of the global markets, Multinational Corporations (MNCs) can leverage knowledge of one market and transfer it to another. They can also be used to encourage production in developing countries, process their products and market them to developed countries. This would make developing countries production units for the first world facilitating abundant flow of revenue to them leading to poverty alleviation.

## **5.6 Suggestions for Further Research**

To enable generalization of the findings, similar studies could be done for many other non-profit organizations. This would make it possible to do cross case analysis to determine similarities and differences. The findings would assist in establishment of some general theories for adaption.

The execution phase would be another interesting part to study. Following strategy formulation a lot of modifications happen during the execution phase. Further research could be done to study this phase. It would make it possible to compare the planned and emergent strategy. This would make this work complete and make interesting contribution to existing literature.



## REFERENCES

- Adieri, B. (2000). *A survey of strategic change management practices within Non-Governmental Organizations (NGOs) in Kenya*. School of Business: University of Nairobi, Kenya.
- Amagoh, F. (2008). Perspectives on organizational change: Systems and Complexity Theories. *The Innovation Journal: The Public Sector Innovation Journal*, 13(3), 1-14 Retrieved From: <http://www.innovation.cc/scholarly-style/amagoh3dec2008jag2rev1.pdf>
- Amit R., & Zott C. (2010). Business Model Innovation: Creating Value in Times of Change *IESE Business School* Retrieved from: <http://www.iese.edu/research/pdfs/di-0870-e.pdf>
- Appelbaum, S. H., Pierre, N. S., & Glavas, W. (1998). Strategic Organizational Change: The role of leadership, learning, motivation and productivity *Management Decision* 36(5), 289-301 Retrieved from: <http://www.appelbaumconsultants.com/articles/1997-98/StrategOrganizChange.pdf>
- Applegate, L.M. (2007, September). Jump-starting innovation: Using innovation at your advantage *Harvard Business School: Working Knowledge*, 1. Retrieved from: <http://hbswk.hbs.edu/item/5636.html>
- Balogun, J. (2001). Strategic Change. *Management Quarterly*, (10) Retrieved from: Management quarterly [http://www.tomorrowsleaders.com/A5569D/icaew/content.nsf/DocumentLookup/ICAEWSTR0109/\\$file/MQ10+Strategy.pdf](http://www.tomorrowsleaders.com/A5569D/icaew/content.nsf/DocumentLookup/ICAEWSTR0109/$file/MQ10+Strategy.pdf)
- Baxter, p. & Jack, S. (2008). Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers *The Qualitative Report* 13(4), 544-559 Retrieved from: <http://www.nova.edu/ssss/QR/QR13-4/baxter.pdf>
- By, R.T. (2005). Organizational Change Management: A Critical Review. *Journal of Change Management* 5(4), 369-380 Retrieved from [http://staffs.academia.edu/RuneBy/Papers/105643/Organisational\\_Change\\_Management\\_A\\_Critical\\_review](http://staffs.academia.edu/RuneBy/Papers/105643/Organisational_Change_Management_A_Critical_review)
- Castillo P.C. (2012) Who we are. *A Global Agricultural Research Partnership* Retrieved from: <http://www.cgiar.org/who-we-are/>
- Clayton, M. C. and Overdorf, M. (2005). Meeting the Challenge of Disruptive Change

- Harvard Business Review* (R00202), Retrieved from:  
<http://www.zurichna.com/internet/zna/SiteCollectionDocuments/en/media/FINAL%20HBR%20Meeting%20Challenge%20of%20Disruptive%20Change.pdf>
- Christian, T. K. (2006). Strategically Balanced Change: A key Factor in Modern Management. *E-Journal of Business ethics and Organization Studies* 11(1), 17-25  
 Retrieved from: [http://ejbo.jyu.fi/pdf/ejbo\\_vol11\\_no1\\_pages\\_17-25.pdf](http://ejbo.jyu.fi/pdf/ejbo_vol11_no1_pages_17-25.pdf)
- Dooley, L.M. (2002). Case Study Research and Theory Building. *Advances in Developing Human Resources*, 4(3), 335-354 Retrieved from:  
<http://ebookbrowse.com/dooley-case-study-research-theory-building-2002-pdf-d98852908>
- Gill, R. (2003). Change Management – or Change Leadership. *Journal of Change Management* 3(4), 307 Retrieved from:  
<http://www.nitbj.com/content/references/Gill.pdf>
- Graetz, F. (2000). Strategic Change Leadership *Management Decision* 38(8), 550-562  
 Retrieved from:  
<http://yorkshirefragrance.webs.com/RESTRUCTURING%20STRATEGY.pdf>
- Harreld J. B., O'Reilley III C. A., and Tushman M. L. (2006) Dynamic Capabilities at IBM: Driving Strategy into Action. *White Paper Draft* Retrieved from:  
<http://www.exed.hbs.edu/assets/Documents/dynamic-capabilities.pdf>
- Harvey, S., Millett, B., & Smith, D. (1998.) Developing Successful Teams in Organizations. *Australian Journal of Management and Organizational behavior* 1(1), 1-8 Retrieved from:  
<http://www.usq.edu.au/extrafiles/business/journals/HRMJJournal/AJMOBarticles/DEVELOPING%20SUCCESSFUL%20TEAMS%20IN%20ORGANISATIONS.pdf>
- Hiatt J., M., (2006) ADKAR: A Model for Change in Business, Government and Our Community. *Change Management Learning Centre*, Retrieved from:  
<http://www.change-management.com/prosci-hiatt-on-adkar-webinar-slides.pdf>
- Ijaz, S. & Vitalis, A. (2011). Resistance to Organizational: Change. Putting the Jigsaw Together. *International Review of Business Research Papers* 7(3), 112-121  
 Retrieved from: <http://www.bizresearchpapers.com/8.%20Saima-FINAL.pdf>
- ILRI Strategy to (2002-2010) *Making the Livestock Revolution work for the poor*  
 Retrieved from:  
<http://mahider.ilri.org/bitstream/handle/10568/587/ILRIStrategy2010.pdf?sequence=1>
- ILRI Strategy (2013-2022) *Livestock Research for food security and poverty reduction*

Retrieved from: <http://www.ilri.org/mission>

- Johnson, G. (1992). Managing Strategic Change – Strategy, Culture and Action *Long Range Planning* 25(1), 28-36 Retrieved from: <http://xa.yimg.com/kq/groups/18937164/744773344/name/johnson%2B%281%29.pdf>
- Kaplan R.S., (2010). Leading Change with the Strategy Execution *Harvard Business Review*. Retrieved from: <http://hbr.org/product/leading-change-with-the-strategy-execution-system/an/B1011A-PDF-ENG>
- Kim W. C., and Mouborgne R., (2009). How Strategy Shapes Structure. *Harvard Business Review* Retrieved from: [http://www.vital.co.kr/harvard/hmmplus/hmm11\\_kr\\_quickpath/strategic\\_thinking/base/resources/HowStrategyShapesStructure.pdf](http://www.vital.co.kr/harvard/hmmplus/hmm11_kr_quickpath/strategic_thinking/base/resources/HowStrategyShapesStructure.pdf)
- Koskei, S. (2010) *Management of Strategic Change at the Food Agricultural Organization of the United Nations Somalia Office*. School of Business: University of Nairobi, Kenya.
- Kuprenas J. A., (2001) Implementation and Performance of a Matrix Organizational structure *International Journal of Project Management* 21 (2003) 51-62 Retrieved from: <http://www.cin.ufpe.br/~gmp/docs/papers/Implementation%20and%20performance%20of%20a%20matrix%20organization%20structure.pdf>
- Lau, A. T. (1999). Making Sense of Contemporary Strategic Implementation: Towards a conceptual model. *Public Administration and Management: An International Journal*, 4(4), 494-507 Retrieved from: <http://spaef.com/file.php?id=331>
- Lewis, D. (2002). The place of organizational politics in strategic change. *Strategic Change* 11, 25-34 doi:10.1002/jsc.572
- Machuki, V. N. and Aosa, E., (2011). The Influence of the External Environment on the Performance of Publicly Quoted Companies in Kenya. *Prime Journals: Business Administration and Management*. 1(7), 205-218. Retrieved from: <http://www.primejournal.org/BAM/abstracts/2011/jul/Machuki%20and%20Aosa.htm>
- MacMillan S., (2011 April 8). Board Members to select new head of International Livestock Research Institute. *ILRI News* Retrieved from: <http://www.ilri.org/ilrinews/index.php/archives/4896>
- Majid, A., Abdullah, M. T., Yasir M. & Tabassaum, N.(2011). Organization Inertia and

- Change portfolio: an analysis of the organization environment in developing countries. *African Journal of Business Management* 5(2), 383-388 Retrieved from: <http://www.academicjournals.org/ajbm/PDF/pdf2011/18Jan/Majid%20et%20al.pdf>
- Maltz, M. (2008). Managing Resistance to change. *TRIAD Consulting Group LLC* Retrieved from: <http://triadllc.com/pdf/ManagingResistance.pdf>
- Manuela, P. and Martinez, F. C. (2003). Resistance to change: A literature Review and Empirical Study. *Spain: Universitat de Valaencia* Retrieved from: <http://www.uv.es/~pardoman/resistencias.PDF>
- Marshak R. J., (2006). *Covert Process at work: Managing the Five Hidden Dimensions of Organization Change* Retrieved from: <http://www.bkconnection.com/static/marshak-excerpt.pdf>
- Mbogo, M. (2003). *A study of Strategic Change Management Processes in Hybrid Private-Public Organizations*. School of Business: University of Nairobi, Kenya.
- Murphy, R.M. (2003). *Managing Strategic Change: An Executive View (17013-5050)* U.S. Army War College: Retrieved from: <http://www.dtic.mil/dtic/tr/fulltext/u2/a430599.pdf>
- Musyoka W. M. (2010). *Strategic Change Management Practices at DT Dobie Ltd.* School of Business: University of Nairobi, Kenya.
- Pettus M.L. Kor Y.Y., and Mahoney J.T. (2007) A theory of Change in Turbulent Environments: The Sequencing of Dynamic Capabilities following Industry Deregulation. *Working Papers 07-0100*. Retrieved from: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.137.8541&rep=rep1&type=pdf>
- Powel E. T., and Renner M. (2003). Analyzing Qualitative Data *Program Development and Evaluation G3658-12*. Retrieved from: <http://learningstore.uwex.edu/assets/pdfs/g3658-12.pdf>
- Prahalad C. K. and Hart L. (2002). The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits. *Strategy and Business* Retrieved from: <http://www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoP.pdf>
- Proterogeron A., Caloghirou Y., and Lioukas S. (2008). Dynamic Capability and Their Indirect Impact on Firm Performance. *Danish Research Unit for Industrial Dynamics*, Retrieved from: <http://www3.druid.dk/wp/20080011.pdf>
- Pryor, M. G. Taneja, S., Humphreys J., Anderson, D., and Singleton, L.(2008). Challenges Facing Change Management Theories and Research

- Delhi Business Review* 9(1) Retrieved from:  
[http://www.delhibusinessreview.org/V\\_9n1/v9n1a.pdf](http://www.delhibusinessreview.org/V_9n1/v9n1a.pdf)
- Rajagopalan, N. and Spreitzer, G. M. (1996). Towards a Theory of Strategic Change: A Multi-lens Perspective and Integrative Framework. *The Academy of Management Review* 22(1), 48-79. Retrieved from:  
<http://webuser.bus.umich.edu/spreitze/rajagopalan%20%26%20spreitzer.pdf>
- Stemler, S. (2001). An overview of content Analysis. *Practical Assessment, Research and Evaluation* 7(17), Retrieved from: <http://pareonline.net/getvn.asp?v=7&n=17>
- Teece D.J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning* 43 (2010) 172-194. Doi:10.1016/j.lrp.2009.07.003
- Tushman M. and O'Reiiley C., (1996). Ambidextrous Organizations; Managing Evolutionary and Revolutionary change *California Management Review*; summer 1996;38,4 Retrieved from;  
[http://howe.stevens.edu/fileadmin/Files/research/CE/Members\\_Only/Reilly\\_Ambidextrous.pdf](http://howe.stevens.edu/fileadmin/Files/research/CE/Members_Only/Reilly_Ambidextrous.pdf)
- Voelpel S., Leibold M., Tekie E and Von Krogh G. (2005). Escaping the Red Queen Effect in Competitive Strategy. *European Management Journal* Vol. 23, No1, pp 37-49. Doi:10.1016/j.emj.2004.12.008
- Wayne R. (2012) Harnessing Research that makes a difference *One Corporate System Overview*. Retrieved from:  
<http://www.worldfishcenter.org/project-change/one-corporate-system>
- Woodward, S. & Hendry, C. (2004). Leading and coping with change. *E-Journal of Change Management* 4(2), 155-183Retrieved from: <http://haliti.info/wp-content/uploads/2010/09/Article.pdf>
- Yin R. K. (2003) *Case Study Research* Design and Methods.  
 Retrieved from: <http://vivauniversity.files.wordpress.com/2012/10/1-yin-case-study-research-3rd.pdf>
- Zaidah, Z. (2007). Case Study as a research Method *Journal Kemenusiaan*, 1-6  
 Retrieved From: [http://eprints.utm.my/8221/1/ZZainal2007-Case\\_study\\_as\\_a\\_Research.pdf](http://eprints.utm.my/8221/1/ZZainal2007-Case_study_as_a_Research.pdf)

## **APPENDICES**

### **Appendix I: Letter of Request for Permission of Data Collection**

John Wasilwa Kimunguyi,  
P.O. Box 540-00300  
Nairobi, Kenya

August 16, 2012

The Institute Planning and Partnerships Director,  
International Livestock Research Institute (ILRI),  
P.O. Box 30709 – 00100  
Nairobi

Dear Madam,

#### **Re: Permission to Collect Data for Academic Research**

I am a Master of Business Administration student at the University of Nairobi. As a requirement for completion of my course, I am supposed to carry out a business research study on a contemporary business issue within my area of specialization. My topic of interest is Organizational Change Management. Given that ILRI has been undergoing change, I chose it as a suitable case for this study. The information collected is purely for academic purpose and will be treated with strict confidentiality.

The purpose of this letter is to request for your permission to collect data within the institute. A copy of the research questions to be used for the interview guide is attached to assist in preparation. I will also present to the institute a copy of the final report upon request. Your assistance and cooperation will be highly appreciated.

Thanks for your time and assistance

Yours faithfully

John Wasilwa

## Appendix II: University Letter for Data Collection



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 15/08/12

**TO WHOM IT MAY CONCERN**

The bearer of this letter JOHN WASILWA KIMUNGUJI

Registration No. D 61/75888

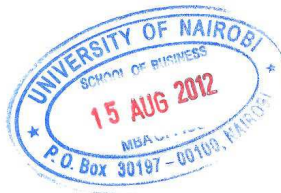
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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**



### **Appendix III: Interview Guide**

Following the recent changes in CGIAR and the livestock sector more generally, during 2012 ILRI developed a new strategy which includes three main elements, the vision and mission statement, three strategic objectives, and five critical success factors. We would like to find out about your experience of strategy development process at ILRI. This short interview has only 16 questions and should take no more than 20 minutes of your time. The information collected will be confidential and will help us improve communication and staff engagement in such process. Feedback received through this questionnaire will also contribute to a Graduate thesis research by an ILRI staff member.

1. What are the factors that triggered the current changes on ILRI strategy?
2. What are the changes that have been done on ILRI strategy?
3. What processes did ILRI employ to ensure that significant changes were done in a systematic manner?
4. How would you describe the pace of strategic change at ILRI?
5. What are the benefits of the current changes on ILRI strategy?
6. Which factors favored the current changes on ILRI strategy?



7. Which factors did not favor the current changes on ILRI strategy?
8. What are the major outcomes of this process?
9. What are the major successes of this process?
10. How is ILRI currently responding to these changes?
11. How has the strategic change affected the organizational structure?
12. How has the strategic change affected ILRI mission, vision and values?
13. How has leadership influenced strategic change at ILRI?
14. Which are some of the challenges that have been experienced in this change process?
15. What policies has ILRI put in place to govern strategic change management at ILRI?

- 17 In our engagement to discuss and formulate a new ILRI strategy, which instruments of communication did you rely on most?
- 18 What improvement(s) do you suggest would help ILRI to be more effective in communicating with and engaging staff in reshaping the institute's strategy?
- 19 Have these changes added value to ILRI as an institute considering its current mandate in the CGIAR.
- 20 In your experience, what were the positive aspects of the process to change the ILRI strategy?
- 21 In your experience, what were the negative aspects of the process to change the ILRI strategy?
- 22 What do you propose could be done to ensure that this process is successfully rolled out across ILRI?
- 23 Do you have any other comments on this process?