STAKEHOLDER INVOLVEMENT IN THE MANAGEMENT OF STRATEGIC CHANGE AT FINLAYS TEA COMPANY LIMITED, KENYA

BY:
SARAH ATIENO NOAH

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

NOVEMBER 2013
DECLARATION

This management research project is my own original work and has not been submitted for a degree in any other university.

Signed …………………………………………………………Date………………

SARAH ATIENO NOAH
D61/66959/2011

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

Signed…………………………………………Date………………………………..

DR. VINCENT N. MACHUKI
Department of Business Administration
School of Business
University of Nairobi
ACKNOWLEDGEMENTS

This project would not have been possible without the guidance and help of several individuals who in one way or another contributed and extended their valuable assistance in preparation and completion of this project.

First and foremost, my utmost gratitude to my supervisor Dr. Vincent Machuki whose sincerity, professionalism and encouragement I will greatly treasure. As my supervisor, he has been very helpful in research topic formulation and identification of the objective in line with the topic of study.

My sincere gratitude also goes to my MBA classmates Edward Njihia, Rosemary Muli, and members of Tinderet community for their input especially in areas that were essential in formulation and development of this study. They have shared valuable insights thus contributing greatly to the relevance of the study.
DEDICATION

This research is dedicated to my family, colleague; Silas Birgen and a friend; Joseph Makori for their inspiration, support, encouragement and understanding throughout the research period.

God bless you all.
# TABLE OF CONTENTS

DECLARATION .......................................................................................................................... ii
ACKNOWLEDGEMENTS ........................................................................................................... iii
DEDICATION ............................................................................................................................ iv
ABSTRACT ............................................................................................................................... viii

CHAPTER ONE ......................................................................................................................... 1
INTRODUCTION TO THE STUDY ............................................................................................ 1
  1.1 Background of Study ........................................................................................................... 1
    1.1.1 The Concept of Strategic Change .............................................................................. 2
    1.1.2 Stakeholder Management and Involvement ............................................................ 3
    1.1.3 Tea Industry in Kenya ............................................................................................. 5
    1.1.4 Finlays Tea Company Limited ................................................................................. 6
  1.2 Research Problem ............................................................................................................... 8
  1.3 Research objective ............................................................................................................ 10

CHAPTER TWO ........................................................................................................................ 12
LITERATURE REVIEW ............................................................................................................ 12
  2.1 Introduction ...................................................................................................................... 12
  2.2 Theoretical underpinning of the study ............................................................................ 12
    2.2.1 Open System Theory ............................................................................................. 12
    2.2.2 Organization Development Theory ........................................................................ 13
    2.2.3 Stakeholder Theory ............................................................................................... 14
  2.3 Strategic Change ............................................................................................................... 15
  2.4 Approaches to Change Management ............................................................................... 16
  2.5 Theoretical Models of Change Management ................................................................... 17
  2.6 Context and Nature of Strategic Change ......................................................................... 19
2.7 Stakeholder Management

2.8 Stakeholder Involvement in the Management of Strategic Change

CHAPTER THREE  

RESEARCH METHODOLOGY

3.1 Introduction
3.2 Research Design
3.3 Data Collection
3.4 Data Analysis

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction
4.2 Strategic changes at Finlays Tea Company Limited
4.3 Change Management Process at Finlays Tea Company Limited
4.4 Change Management Practices at Finlays Tea Company Limited
4.5 Trainings/orientations for strategic changes at Finlays Tea Company Limited
4.6 Stakeholder Involvement in the Change Process at Finlays Tea Company Limited
4.7 Barriers to Stakeholder Involvement in the Change Process at Finlays Tea Company Limited
4.8 Discussion of Findings

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
5.2 Summary of Findings
5.3 Conclusion
5.4 Recommendations for Policy and Practice
5.4.1 Recommendations for Policy ................................................................. 43
5.4.2 Recommendations for Practice ............................................................. 44
5.5 Limitations of Study ................................................................................. 44
5.6 Suggestions for Further Studies ............................................................... 45
REFERENCES ............................................................................................... 47
APPENDICES ............................................................................................... 51
Appendix I: Letter of Introduction ................................................................. 51
Appendix II: Interview Schedule for Management .......................................... 52
Appendix III: Interview Schedule For Stakeholders ....................................... 54
Appendix IV: Data Collection Letter ............................................................. 55
ABSTRACT

Strategic change and its management are vital for the future sustainability of the tea sector specifically at Finlays Tea Company Limited. Organizations in the postmodern society are operating in a world that is constantly changing and becoming more complex and uncertain. Stakeholder involvement and management is just one of the factors that impact the implementation of strategic change but arguably one of the most critical. This study proposes to highlight the role and effect of stakeholder involvement and management in the wake of implementation of strategic change by studying a few key stakeholder aspects and their impact on the success of change implementation. This research was conducted through a case study. The primary data was collected using interview guide and secondary data collected from company’s strategic plan and published reports was analyzed through content analysis. In regard to stakeholders’ involvement in strategic change management, the study revealed that management and stakeholders hold divergent views. The management holds the perception that stakeholders are comprehensively involved while stakeholders perceive the change process as devoid of a comprehensive and inclusive stakeholder’s involvement. The study concludes that there is still a low level of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited and recommends that although Finlays Tea Company Limited has been successful in strategy implementation, in order to remain profitable and competitive in the market there is need to extensively involve stakeholders in decision making and employ efficient communication channels that avail information on strategic change to all stakeholders. Similar studies however need to be conducted in other tea companies in order to assess whether the study could yield similar findings regarding stakeholder involvement in the management of strategic change.
CHAPTER ONE
INTRODUCTION TO THE STUDY

1.1 Background of Study
Change is a phenomenon that is inevitable and constant in the postmodern society. Organizations are finding it increasingly difficult to cope with a world that is changing daily and becoming more complex and uncertain. McCarthy and Eastman (2010) compares change to a tornado, in that it whips through an organization, turning life upside down and throwing users into a world filled with new ways of doing things so as to recapture some sense of balance and control.

Driving change in organizations is a complex task. For each decision, multiple factors is required to be taken into account and information is either not available or is rapidly changing at an increasing velocity (Hughes, 2008). In order for an organization to succeed in such an environment and gain competitive edge, it must be aware of what changes are indeed occurring and establish whether the driving forces are internal or external so as to develop appropriate strategies in change management.

In today’s globalised and highly networked world organizations are regarded as open systems. Through their activities they influence and change their internal and external environment and at the same time are constantly being influenced by changes in their internal and external environment. The prime driver of this change as observed by Battelle (2007) is the increasing rate of change in stakeholders’ values and expectations in both the external and internal environment. Scholes (2006) warns that to ensure
viability today and prosperity tomorrow organizations must have overtime, an open and actively adaptive relationship with their stakeholders.

The Agricultural sector is set to play a key role in attainment of Kenya’s vision 2030, with tea being the leading cash crop in the sector (Tea Research Foundation of Kenya: 2010 – 2015 Strategic Plan). However, rapidly changing development landscape in the tea industry specifically at Finlays Tea Company Limited Tea Company Limited has triggered the company to institute strategic changes which aim to enhance diversification of tea products, open up new market niches for Kenyan tea and increase the company’s earnings. For these changes to be successful there is need to establish, strengthen partnerships and collaborative linkages with stakeholders at all level that is national level, regional level and international level.

1.1.1 The Concept of Strategic Change

Strategic change is defined as changes in the content of an organization strategy as elaborated by its scope, resource deployment and synergy (Sherman and Schiltz, 1998). The definition of strategy was further enriched by Porter when he came out with the ideas of competitive advantage. The key objective of strategic change therefore is to enhance the competitiveness of the organization and continuous adaptation of the organization to various environmental turbulence levels.

Academicians and practitioners are in agreement that change is a constant feature in the life of an organization (Battelle, 2007) and change is all about learning (McCarthy and
Eastman, 2010). Few now doubt the importance of strategic change management which is a set of processes employed to ensure that significant changes are implemented in a controlled and systematic manner. It is concerned with broad, long-term and organizational wide issues. One of the goals of strategic change management is the alignment of people and culture with strategic shifts in the organization, so as to overcome resistance (Kotter, 2011).

Strategic change management is viewed as a subjective and highly contextual process. The process begins with a systematic diagnosis of the current situation in order to determine both the need for change and the capability to change. Mason and Rowe (1994) point out that there are two approaches that have been applied in strategic change management. The first involve working with the people in the organization to achieve mutual understanding which is informal. The other involves making formal changes in the organization structure and policies. In order to have effective implementation of strategic change they hold the view that both approaches should be applied for the change to be appropriate and be accepted by all participants.

1.1.2 Stakeholder Management and Involvement

A Stakeholder according to Freeman (1984) is any group or individual who can affect or be affected by the achievement of an organization’s objectives. They can be internal or external to the organization and their complexity and range will depend on organization’s size and activities. The environmental and social performance of organizations is increasingly under scrutiny from various stakeholders. As observed by Battelle (2007)
greater economic and social knowledge is fueling stakeholders’ demands for increased information, clarity, and involvement in business strategic changes.

Organizations can no longer choose if they want to engage with stakeholders or not; the only decision they need to take is when and how successfully to engage the various interested parties. Stakeholder management is the process of founding, monitoring and maintaining constructive associations with stakeholders. In a business sense, it works over a strategy. This strategy is bent using information gathered through various processes such as stakeholder mapping which enables managers to position stakeholders according to their level of influence or enrichment they provide to a change project (Davison et al, 2002).

The development of meaningful relations with stakeholders adds value to an organization’s operations. It is regarded as a powerful tool that ensures key players are engaged in and contributing to the success of an initiative or project. It gives both the management and stakeholders a chance to discuss and concur upon expectations and most importantly agree on a common set of values and principals. This is vital since it results to a sense of empowerment and ownership to the change process (Taschner, 2009). Lack of stakeholder involvement on the other hand often results in feelings of isolation and resentment.
1.1.3 Tea Industry in Kenya

Tea is the second most popular drink in the world, after water (Food and Agriculture Organization, 2001). For a number of developing countries it is also an important commodity in terms of employment creation and export earnings. It was first introduced to Kenya in 1903 from India by a European settler George William Caine. The British Colonial Administration started distributing it to London by 1933. The cultivation of tea in the colonial era was basically the preserve of the British settlers. Afterward independence in 1963, the cultivation of tea was desegregated to Africans both small scale and large scale farmers who had bought land from British settlers.

Planting and production of tea has rapidly increased since independence in 1963. This increase has guaranteed Kenya the third position after India and Sri Lanka, in the global exporters list and commands 21 per cent of all tea exported to the world. Small scale farmers have continued to play a vital role in the cultivation of tea in Kenya; it is estimated that they contribute up to 60 per cent of the total crop in the country whereas large scale tea estates contribute 40 per cent (Watts, 1999).

Tea production is largely labor-intensive. However tea plucking machines are currently being in use by some firms. The output obtained from various machines in use both in the region and across the globe vary depending on the make and experience of the operators. Approximate figures as per reports by Tea News (2010) however indicate a harvest of about 400 kg of green leaf per day for a single-man hand-held machine, and of 1,000 -
1,500 kg of green leaf per day for two-man hand-held machine. This is as compared to 60-70 kg of green leaf per person per day with hand plucking.

The recent industrial action by tea pickers who are members of the Kenya Plantation and Agriculture Workers Union (KPAWU) - has once again rekindled the age old debate of human labour versus technology. Even as stakeholders in the Kenyan scene continue to discuss a more humane approach to the situation, local tea pickers should nonetheless prepare to take advantage of emerging opportunities in the mechanized tea technology which includes higher efficiency and lower plucking costs (Wilson, 1999).

1.1.4 Finlays Tea Company Limited

Finlays Tea Company Limited was established over 250 years ago. The company originated in Glasgow as a trader and manufacturer of cotton. During the second half of the 19th century, representatives were sent to India to plant tea and Finlay played an important role in the development of the industry there. Later, during the 1930s, the company expanded its tea business into Africa, establishing estates and production facilities which continue to form a major part of tea business today. It pioneered instant tea research, development and production in the 1960s, when the industry was still in its infancy (Wilson, 1999).

The company’s ownership of tea estates in Kenya and Sri Lanka gives them the unique opportunity to begin innovating at the very point the tea starts growing and this is the core strategic agenda. With laboratory, pilot plant and factory-scale manufacturing
facilities in many countries, they offer an unrivalled breadth of resources and experience to their customers with primary markets being located in the UK and USA.

The company’s five topline commitments outlines the pragmatic steps it is undertaking to implement their strategic agenda. The commitments focus on the following key areas; exploration of new business opportunities and market diversification, product development that contributes to the health and well-being of society, commitment to make a positive contribution to environmental recovery and resilience and nurturing employees for the benefit of the individual, the company, and the community. This according to the management will bind the company together as it focuses its energies on ensuring a sustainable future (Finlays Tea Company Limited Sustainability Development Strategy, 2008).

Finlays Tea Company Limited Tea Company Limited has undergone various changes in the past key among them being construction of a new instant green tea factory which was commissioned in December 2011, and production began in January 2012. Also there has been expansion of farms at Londiani and Koru to cater for a much wider range of products and not leaving out the introduction of new tea plucking machines which has been at the centre stage of debates amongst various stakeholders in the tea sector thus adversely affecting utilization of the machines to their maximum capacity.
1.2 Research Problem

In the recent past there has been an acceleration of the magnitude and pace of change across the globe (Mbogo, 2003). According to Burnes (2000) the magnitude, speed, unpredictability and impact of change in the external environment are greater than ever before. Local markets are becoming global markets, protected markets are being opened up to fierce competition and as a result public and private, large and small markets have suddenly felt the pressure to improve on their product and services to meet world standards and customer expectation. Organizations have responded to these changes in a number of ways including realignment of policies, systems, styles, values, staff and technology.

In the management of change there are various issues that affect its successful implementation. Key among them stakeholder cooperation and support for change initiatives. If the interests of change recipients are not addressed then they are likely to either slow down or terminate an intended organizational change (Hughes, 2008). It therefore becomes clear that top management should be at the forefront in managing change. They cannot do this alone, but they need to involve all the key stakeholders.

These changes be it political, economic, social and technological have not spared the tea industry in Kenya. The industry in Kenya has been experiencing an exponential rise in primary production costs, falling tea prices and globalization that has enhanced competition between tea exporting countries and led to restructuring in the sector (Tea New (, 2010). The newly introduced tea plucking machines at Finlay Tea Company
Limited has attracted stiff resistance, chaos, stress and anxiety among key stakeholders such as tea pluckers, trade unions, community members and government agencies. With Finlay Tea Company Limited being a global leader in tea production, such a standoff can adversely affect production.

Various studies have been undertaken on strategic change management and stakeholder involvement. Nyororo (2006) carried out a study on strategic change management and performance of NSSF, Gekonde (2011), did a study on stakeholders involvement in strategy implementation at Nature Kenya, Kaloki (2011) carried out a study on management of strategic change at Alihai Shariff & Sons Limited. Mulema (2004) also conducted a study on Strategic change management at Teachers Service Commission and Khamisi (2006) conducted a study on Strategic Planning and Management at Kenya Ports Authority.

While the above studies provide knowledge their findings cannot be generalized to apply in all contexts this is because management is context sensitive. Thus a gap exists since there is no study that has been carried out on stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. This study therefore will seek answer to the question: To what extent has Finlays Tea Company Limited involved stakeholders in the management of strategic change?
1.3 Research objective

The objective of the study was to determine the extent of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited.

1.4 Value of the Study

Recently, there has been increased interest in the use of research to inform policy decisions. This is due to the fact that changing or creating a new policy is often a long, complex process, with many factors influencing the decision-making process. Thus this study will provide policy makers with a body of knowledge concerning key issues associated with strategic change management and the crucial role played by stakeholders in the course of change management process. Institutions such as Government agencies when formulating policies governing the tea sector for instance will find this study crucial as they will understand how stakeholders have affected the tea sector and what amendments can be initiated in the act to enable the tea sector to be competitive in both the local and international market.

The findings of this study will provide managers with a deeper understanding of what change approaches and practices exist. For tea industry managers, the findings will be an eye opener on the significant role played by stakeholder involvement in the management of strategic change. This would enable them to respond to and work with a deeper sense of reality, rather than the shallowly perceived set of problems and needs. The management teams would also be able to develop more successful and measurable
practices and impacts, with the assistance of frameworks that enable them to deftly manage stakeholder relationships.

The findings of this study will be important as it will form a reservoir of knowledge which will form part of literature review for future scholars. It will challenge and extend existing knowledge, within the limits of the critical bounding assumptions. It will also provide a framework for analysis by providing a logical explanation on the relationships between variables and the likely outcomes.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter looks into literature related to stakeholder involvement in the management of strategic change. Literature review is presented in sections which begin with discussions on theoretical, approaches and models of strategic change. This discussion builds to the idea on the context of change management strategy which highlights on the importance of change management being context sensitive. Stakeholder management which is an approach to understanding the firm and its environment is then discussed which then leads to the discussion of the link between stakeholder involvement and strategic change management.

2.2 Theoretical underpinning of the study
2.2.1 Open System Theory

Traditional theories viewed organizations as closed systems that were autonomous and isolated from the outside world. However overtime more holistic and humanistic ideologies have emerged which have embraced an open system view of organization. (Taschner, 2009). Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival.
Virtually all modern theories of organization utilize the open systems perspective. As a result, open systems theories come in many flavors. For example, contingency theorists argue that organizations are organized in ways that best fit the environment in which they are embedded. Institutional theorists see organizations as a means by which the societal values and beliefs are embedded in organizational structure and expressed in organizational change. Resource dependency theorists see the organization as adapting to the environment as dictated by its resource providers. Although there is a great variety in the perspectives provided by open systems theories, they share the perspective that an organization’s survival is dependent upon its relationship with the environment.

### 2.2.2 Organization Development Theory

Organization development according to Scholes (2006) is a body of knowledge and practice that enhances organizational performance and individual development, viewing the organization as a complex system of systems that exists within a larger system, each of which has its own attributes and degrees of alignment. Battelle (2007) defines organization development as a systematic learning and development strategy intended to change the basic beliefs, attitude and structure of the current organization to better absorb changes in the business environment.

Organization development theorists and practitioners define it in various ways. It’s multiplicity of definitions reflects the complexity of the discipline and according to Scholes (2006) is responsible for its lack of understanding. He however warns that the primary purpose of organization development is to develop the organization not to train or develop the various stakeholders involved.
2.2.3 Stakeholder Theory

Stakeholder theory is a conceptual framework of business ethics and organizational management which addresses moral and ethical values in the management of an organization. A number of stakeholder theories have developed over time to explain, or to identify what the nature of the firm-stakeholder interaction should be. Each offers insights into the motivations that potentially could influence management in their decision to interact with stakeholders in the decision to report information about the firm’s activities.

A number of researchers recognize that both managerial and normative motivations contribute to decision-making and have suggested approaches to stakeholder theory that may assist in the analysis of the firm-stakeholder interaction. Trevino and Weaver (1999) have argued that stakeholder theory would be better characterized as a ‘Stakeholder Research Tradition rather than as one theory. While Jones and Wicks (1999) proposed the ‘Convergent Stakeholder Theory’ which was intended to offer an approach to the unification of the two branches of stakeholder theory in which the various stakeholder theories were to be seen as a ‘class of theories’. As with Freeman (1999) they recognized that neither of the convergent forms of stakeholder theory is complete without the other. Freeman (1999) had argued against the notion of convergent stakeholder theory, he argued that, “the stakeholder theory’ can be unpacked into a number of stakeholder theories, each of which has a ‘normative core,’ inextricably linked to the way that corporations should be governed and the way that managers should act. So, attempts to more fully define, or more carefully define a stakeholder theory are misguided. In a later paper, Freeman (1999) reinforced this view, arguing that what we need is not more theory
that converges but more narratives that are divergent that show us different but useful ways to understand organizations in stakeholder terms.

2.3 Strategic Change

Strategic change involves the movement of an organization from its present state towards some desired future state to increase competitive advantage (seniors, 1997). Change has become a way of life in many organizations. In recent researches about organizational change there has been a broad consensus that increasingly environmental instability and uncertainty are forcing companies to change continuously (McCarthy and Eastman, 2010). Organizations tend to change primarily because of external pressure rather than the internal desire or need to change. However Scholes (2006) warns that change itself is risky and often haphazard and may result in unsatisfactory performance sometimes leaving companies worse off than before.

Organizations will experience different levels of transition in the business environment, each level requiring a different type of response. According to Scholes (2006) those in management need to choose different approaches of managing change according to the circumstances they face and also create organizational context that would facilitate the change. There is also need to translate strategic change into detailed resource plans, key tasks and controlled processes.

Organizations have no choice but to constantly anticipate, understand and prepare for business, social and technological trends that have the potential to shape their future. With growing scale and rising business complexities, smarter organizations of tomorrow
will be those that will be able to simplify their internal complexities, collaborate and learn from stakeholders within and outside and most importantly, adapt themselves, not only to sustain themselves as enterprises but also to create new opportunities for growth (Davison et al, 2002).

2.4 Approaches to Change Management

There are different views about change itself. In some circumstances change is deliberate and structured; on other occasions it seems more spontaneous or evolves naturally. Change comes in different guises, and how we think about change may well determine how we define change management, and consequently how we manage it. These approaches to change have evolved in the same way that management approaches have evolved from the mechanistic view held in the industrial age to a more organic epistemology (Sherman and Schiltz, 1998).

Planned approach to change views organizational change as a process of moving from one fixed state to another through a series of preplanned steps. These approaches rely more on assumptions that an organization’s environment is known and change can be planned. According to Senior (1997) it places emphasis on processes, deals with change over a significant period of time and follows a holistic approach in change management. Despite the simplicity and perceived security of the planned approach to organization change it has very definite limitations. It has been criticized as being too rigid and also change phases cannot be distinct and chronologically ordered because of the extreme turbulence in the environment. This as observed by Seniors (1997)is due to the fact that
for many decades the pace of life was slower, managerial authority was rarely challenged, jobs were more secure and the environment was more stable unlike the fast changing world of today.

Postmodern management is more complex and chaotic than before. Organizations are viewed as an open system. They influence and are influenced by the environment in which they operate. Emergent approaches have thus been developed out of the disbelief in the effectiveness of the planned change approaches. According to this approach organizations can rely less on detailed plans and projections and develop instead an understanding of the complexities of environments and the issues concerned. This approach has however been criticized by Burnes (1996) as being limited in terms of both the types of organizational change to which it can be applied, and how it can be applied. In conclusion the knowledge of whom and what can affect change is invaluable for an organization, as they must be aware of how change can come about in order to properly manage and adapt to change (Nickols, 2000).

2.5 Theoretical Models of Change Management

In the implementation of strategic change, one model cannot satisfy the real conditions. This is because there is no easy way to manage strategic change, and no simple formula that will work in all cases. The decision on what change model to use is vital since contextual factors such as the organization structure and environment will determine the type of change model to be adopted (Sherman and Schiltz, 1998).
The three most important models of planned change are the action research model, Kotters 8 step model and Lewin’s three step model. Action research was designed to address social and organizational issues and involves a collective approach where all parties involved participate in the formulation of research problem and action taken to solve these problems. The second model concentrates mostly on structural changes. It consists of distinct states an organization moves through when undergoing a change process (Tauscher, 2009).

Lewin’s three step model proposes that change should involve three steps of unfreezing, moving and freezing. Unfreezing involves detaching by communication existing problems, moving refers to the recognition of a need to change specifically cultural and structural change to establish new values and processes and under freezing old behavior is discarded before new ways can be adopted successfully (Burnes, 1996).

Models of emergent change according to Senior (1997) include learning organization model which views a firm as a learning organization which does not suddenly adopt strategic change, but perpetually seeks to renew itself constantly through learning, experimentation and communication. Logical instrumentalism model on the other hand argues that managers consciously and proactively make transitions but incrementally through tactful shifts.
2.6 Context and Nature of Strategic Change

The process of change management and the actions that are part of a change management strategy are unique and specific to a particular organization. This implies that strategic change management must be context sensitive if change implementation efforts are to be successful. Organizations need to have their antennae out and constantly be alert of changes in their internal and external environment. Those that fail to understand their context or the changes taking place in their environment run a serious risk of becoming irrelevant or extinct.

In order to manipulate the key variables, a framework needs be constructed to allow different change situations to be matched to appropriate approaches. The force field analysis model was suggested by (Lewin, 1951). Lewin proposed that in order to plan or predict change, all the elements involved must be analyzed. All forces favouring change must compete against those resisting change. If the favouring forces are stronger then the change has a higher chance of being successful. However if the restraining forces far outscore the driving forces then the change project might simply be a waste of scarce organizational resources.

2.7 Stakeholder Management

For more than a decade the stakeholder approach to understanding the firm in its environment has been a powerful heuristic device, intended to broaden management's vision of its roles and responsibilities beyond the profit maximization function to include interests and claims of non-stockholding groups (Wood et al, 1997). Stakeholder
management theory is the study of how a firm or organization interacts with those groups it affects. This theory tries to shed light into how a corporation handles all groups affected, or affecting the organization.

Donaldson and Preston (1995) argued that stakeholder theory explicitly or implicitly contains theory of three different types-descriptive/empirical, instrumental, and normative. Descriptive/empirical formulations of the theory are intended to describe and/or explain how firms or their managers actually behave. Instrumental theory purports to describe what will happen if managers or firms behave in certain ways. Normative theory on the other hand is concerned with the moral propriety of the behavior of firms and/or their managers. However it is argued that if these three approaches are combined without acknowledgement it would result to confusion.

Stakeholder theorists differ considerably on whether to take a broad or narrow view of a firm’s stakeholder universe. Those in support of a narrow view of stakeholders attempt to define relevant groups in terms of their direct relevance to the firm's core economic interests. For example, several scholars define stakeholders in terms of their necessity for the firm's survival (Bowie, 1988; Freeman, 1984; Ndsi, 1995). The broad view of stakeholders, in contrast, is based on the empirical reality that companies can indeed be vitally affected by, or they can vitally affect, almost anyone. Thus managers are obligated to have an exhaustive list of all stakeholders in order to participate in a fair balancing of various claims and interests within the firm's social system.
2.8 Stakeholder Involvement in the Management of Strategic Change

Due to the changing demands and circumstances in the various sectors of the economy, all the key stakeholders are required to cooperate in reaching decisions on change. Stakeholder involvement is regarded as a powerful tool that ensures that the key players are engaged and contributing to the success of an initiative or project. Mitchell et al (1997) defines stakeholders as all the role players in an organization. They include both staff and non-staff such as managers, directors, administrative clerks, general workers, the government and society at large.

Stakeholders are at times viewed as foot-draggers by being responsible for significant time delays thus preventing implementation of viable sustainable solutions. The development of policies, patterns and strategies that prove to be sustainable in the social, ecological and economic dimensions can only be achieved by including all parties affected. However the inclusion of stakeholders remains difficult for various reasons. These may include the complexity of stakeholder interactions, different professional approaches of actors, varying interests and the need to maintain status quo due to fear of the unknown (Donaldson and Preston, 1995).

Stakeholder position is dynamic and their interests might change over time. Thus the management team has to be strategic and clear as to whom they are engaging with and prioritize stakeholders depending on who they are and what interests they might have. This calls for stakeholder mapping and analysis since it is not sufficient to focus only on the communities and other stakeholders that are actually impacted by a change initiative,
but also those who may perceive that they are adversely impacted by a change initiative. However as noted by Mitchell et al (1997) there is no single method to involve stakeholders, a number of alternative methods may be employed either sequentially or in combination to ensure effective cooperation.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The aim of the research was to determine the extent of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited, a case study was chosen and pertinent primary and secondary data was collected to meet the objective of the study.

3.2 Research Design

This study adopted case study design where the unit of study was Finlay’s Tea Co. Ltd. According to Yin (1994) Case study research method is defined as an empirical enquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between the phenomenon and the context aren’t clearly evident.

This design was most appropriate since a detailed and in-depth data was desired. Case study research design provides very focused and valuable insights about the phenomena which enables the researcher not only to establish factors explaining phenomena but also unearth underlying issues and complex real life situations related directly with the object of study.
3.3 Data Collection

Data collection was based on primary and secondary sources. Primary data was obtained through the use of interview guide as the main data collection instrument while secondary data was obtained from the company’s documented strategic plan, published reports and other documented information about the company. The interview guide used was open ended in order to capture all important aspects of the topic under study.

In this case study the interview guide was issued in advance to help respondents recollect facts and make references where necessary. The researcher then administered the questions, explained and clarified where necessary. This technique provided space for flexibility and allowed a vast and rich amount of data to be collected.

3.4 Data Analysis

Content analysis was used to systematically and objectively identify specific themes from the data representing stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. This was due to the fact that the study sought to solicit for data that is qualitative in nature. According to Krippendorf (1980) Content analysis is research method which provides a systematic and objective means of describing a phenomena by allowing the researcher to test theoretical issues to enhance understanding of the data.

The technique has also been used successfully by other researchers such as Muriuki (2005) and Khamisi (2006) undertaking similar studies since it guards against selective
perception of content, provides for the rigorous application of reliability and validity criteria and is amendable to computerization.

Completed interview responses were edited for completeness and consistency after which data processing proceeded. This involved thorough reading, editing and input of the interview notes into the computer. Analysis of data involved comparing it with the theoretical approaches and documentations cited in literature review. The data obtained from the management and stakeholder groups was also compared against each other in order to get more revelation of the issue under study. The researcher then analyzed and logically grouped the large quantity of data and compiled the results of the study.
CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter offers a detailed report on the analysis of the primary and secondary data collected from the interviews and documented sources, their presentation, interpretation and discussion of findings. The reporting in this chapter is in relation to the research objective which was to determine the extent of stakeholder involvement in strategic change management in an organization. The chapter entails strategic changes at Finlay’s Tea Company Ltd, change management process, communication of change, trainings/orientations for strategic changes, stakeholder involvement in the change process and barriers to stakeholder involvement in change process at Finlay’s Tea Company Limited.

4.2 Strategic changes at Finlays Tea Company Limited

The main objective of the study was to determine the extent of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. In an effort to ascertain the interviewees’ competence and conversance with Finlays Tea company Limited, respondents were asked questions on some of the strategic changes that have been undertaken by the organization in the past. The interviewees were in agreement that Finlays Tea Company Limited has effected a number of strategic changes to enhance its performance and competitiveness in the tea sector.
The data obtained from Finlays Magazine dated June 2013 revealed that the company has expanded its capacity by acquiring four factories and growing tea in wider regions. The factories process different varieties of tea. The factories include Kitumbe, Chomogonday, Changana and Kymulot. Kitumbe Factory processes black tea grown at Tenduet and Kaspongoi, Orthodox black tea grown at Milima and organic black grown at Chemase. Chomogonday Factory processes Black tea from Tiluet and Masingi, Organic black tea from Chemase and Green CTC from Kijani. Changana Factory processes Black tea from Matuta and Chemamul while Kymulot Factory process Black tea from Sisiba and Bondet. Finlays Tea Company Limited also has an array of products and services which arise from being in agriculture and commerce internationally for over 250 years. According to Finlays Magazine, June 2013, the company is also one of the largest trader of Fair-trade tea in the world and largest roaster of coffee in the UK. In addition to managing 5,000 hectares of timber in Kenya and Sri Lanka, the company produces over 1 million kilos of rubber latex annually from 2,000 hectares of rubber estates in Sri Lanka.

James Finlay Ltd has a controlling interest in Finlays Tea Company Limited Colombo, a Sri-Lankan based business, quoted on the Colombo Stock Exchange. Activities include warehousing of tea, blending and packaging tea for export, insurance broking, and agencies representing a number of international businesses trading in Sri Lanka; including Cathay Pacific, for which it acts as General Sales Agent. In addition, Finlays Tea Company Limited Colombo owns Sri Lanka’s largest and most technologically advanced cold storage facility, together with a factory which manufactures green tea.
Finlays Tea Company Limited ownership of tea estates in Kenya and Sri Lanka gives the company unique opportunity to begin innovating at the very point the tea starts growing. Having technical teams working alongside the production staff in the tea estates and factories offers unique opportunities for new product and process development at Finlays Tea Company Limited.

According to the production manager, “Finlays Tea Company Limited strives to reduce the lifecycle impact of each of its products by ensuring that sustainability is built into New Product Development processes to increase product efficiency and competitiveness.”

4.3 Change Management Process at Finlays Tea Company Limited

The respondents were asked to describe the change management process at Finlays Tea Company Limited. The following steps characterize change management process at the company:

Finlays Tea Company Limited develop a sense of urgency around the need for change. This help spark the initial motivation to get things moving. The process involves an open and honest convincing dialogue about what's happening in the marketplace and with the competition.

The company undertakes the following actions when creating urgency: identify potential threats, and develop scenarios showing what could happen in the future; examine
opportunities that should be, or could be, exploited; start honest discussions, and give
dynamic and convincing reasons to get people talking and thinking; request support from
customers, outside stakeholders and industry people to strengthen their argument.

Finlays Tea Company Limited strives to convince people that change is necessary. This
often takes strong leadership and visible support from key people within the organization.
Managing change isn't enough, management has to lead it. Finlays Tea Company Limited
identifies effective change leaders throughout the organization. These leaders do not
necessarily follow the traditional company hierarchy. To lead change, Finlays Tea
Company Limited brings together a coalition, or team, of influential people whose power
comes from a variety of sources, including job title, status, expertise, and political
importance. The "change coalition" needs to work as a team, continuing to build urgency
and momentum around the need for change.

The company undertakes the following actions to form a powerful coalition: identify the
ture leaders in the organization, ask for an emotional commitment from these key people,
work on team building within the change coalition, check the team for weak areas and
ensure that there is a good mix of people from different departments and different levels
within the company.

Finlays Tea Company Limited undertakes the following actions to create a vision for
change: determine the values that are central to the change, develop a short summary that
captures the future of the organization, and create a strategy to execute the vision A clear
vision can help everyone be aware of the change, why it’s being done, who is impacted and how, what the roles and responsibilities are. The message is then continually reinforced throughout the organization.

Finlays Tea Company Limited communicates its vision frequently and powerfully, and embed it within everything the company does. Finlays Tea Company Limited use the vision daily to make decisions and solve problems. The company then undertakes the following actions to communicate the vision: talk often about the change vision, openly and honestly address peoples' concerns and anxieties, apply the company’s vision to all aspects of operations from training to performance reviews.

Removing obstacles empowers the people who execute the vision, and it helps the change to move forward. Finlays Tea Company Limited undertakes the following actions to remove obstacles: identify, or hire, change leaders whose main roles are to deliver the change, look at the organizational structure, job descriptions, and performance and compensation systems to ensure they're in line with the vision; recognize and reward people for making change happen; identify people who are resisting the change, and help them see what's needed; take action to quickly remove barriers (human or otherwise).

Finlays Tea Company Limited undertakes the following actions to build on the change: analyze what went right and what needs improving after every action; set goals to continue building on the momentum achieved; undertake continuous improvement and keep ideas fresh by bringing in new change agents and leaders for the change coalition.
Finally, Finlays Tea Company Limited strive to make any change stick and become part of the core of the organization. This is achieved through continuous efforts to ensure that change is seen in every aspect of the organization. The following actions are taken to anchor the changes in corporate culture: talk about success stories about the change process, include the change ideals and values when hiring and training new staff; publicly recognize key members of the original change coalition, and make sure the rest of the staff, new and old, remembers their contributions, and create plans to replace key leaders of change as they move on.

4.4 Change Management Practices at Finlays Tea Company Limited

The respondents were asked to indicate who and how change is communicated at Finlays Tea Company Limited. The management stated that change is communicated from top level management to supervisors who relay the same information to other employees and stakeholders. However, the employees hold the view that Finlays Tea Company Limited lacks an effective, open and honest two way communication on changes within the company. According to the employees their expectations are not clearly set, they may not be aware of the change, why it is being done, who is impacted and how, and what their roles and responsibilities are. The respondents hold the view that the message of change is not continually reinforced throughout the organization by the multiple levels of management.
4.5 Trainings/orientations for strategic changes at Finlays Tea Company Limited

The study establishes that only top level managers have undergone training in change management. The training involved key steps in effective workplace change management such as conceptualization and contextualization of change, development of a plan for change, involvement of stakeholders in the change process, management, monitoring and evaluation of change.

On the other hand, middle level managers, employees and other key stakeholders have never undergone trainings on strategic change management. The respondents stated that the company lacks effective trainings/orientations programmes which makes it difficult for stakeholders to positively and professionally adapt to strategic changes undertaken by the company.

4.6 Stakeholder Involvement in the Change Process at Finlays Tea Company Limited

The study investigated stakeholder’s involvement in the change process at Finlays Tea Company Limited. Two perspectives emerged from the study findings regarding stakeholder’s involvement in the change process. The management holds the perception that stakeholders are comprehensively involved in a change process while stakeholders on the other hand perceive the change process as devoid of a comprehensive and inclusive stakeholder’s involvement. The stakeholders stated that they are never consulted in any of the change process at Finlays Tea Company Limited.
In few cases, those who want to initiate a change process ask themselves, whether top-down or bottom up is the right direction to drive the change. The involvement of the stakeholders in managing change in a company is a prerequisite. Finlays Tea Company Limited needs to plan with the relevant stakeholders and get feedback from them. If people feel that they are important to the change process and understand why the change process is important, they are more likely to cooperate with it. According to the employees, they only have the choice of accepting the top-down plan or to resign from the company. The implementation of an entire change process top-down leads to frustration and refusal of co-operation by the stakeholders.

The autocratic style of leadership that existed earlier in the company meant that there was very little opportunity for other role players to make decisions. Top-down mandates from the management created constant streams of schedules, policies, rules, regulations et cetera through which stakeholders were told what to do. In this regard, stakeholders were oriented to being the recipients of instructions and to view change management as the prerogative of the top level management only.

The study established that due to the changing demands and circumstances in the Kenyan tea industry, all the stakeholders are required to cooperate in reaching decisions on change. The respondents appreciated the fact that stakeholder involvement is a powerful tool that ensures that the key players are engaged and contribute to the success of the company.
The respondents emphasized that the key to effective leadership and management is using power effectively to ensure that everyone in the company is heard and is able to make a contribution. Managers can motivate employees and other stakeholders to participate in helping the company to achieve its vision and mission. People therefore need to be involved in making decisions so that they know why decisions are made and feel motivated to put them into practice. They also need to have a clear sense of what is expected from them.

The respondents stated that recently, the company has made a move to creating self-managing company in which all the stakeholders are now involved in the decision-making processes and in implementing them. This is a radical step for employees who were used to being told what to do. With an increase involvement in decision-making, comes a higher level of responsibility and participation among all the stakeholders.

Leadership and management at Finlays Tea Company Limited have the responsibility to assist all the stakeholders to exercise greater control over change processes, thereby enabling them to cope with change. Empowerment of the stakeholders is essential because all the role players feel ownership of the company. Without empowerment, stakeholders feel disconnected, undervalued and ultimately not engaged in the change process. Managers have a responsibility to help everyone concerned to discover and conceptualize the true nature of change and how it impinges each and every one in the organization. In empowering stakeholders, they need to be given leadership responsibilities and encourage them to work together in teams and set targets to meet. In
this regard, stakeholder involvement helps to build a shared commitment to manage change in a responsible way in the company.

4.7 Barriers to Stakeholder Involvement in the Change Process at Finlays Tea Company Limited

The study established that the main barrier to stakeholder involvement in a change process at Finlays Tea Company Limited is resistance to change among stakeholders. Resistance to change is caused by individuals fear that they might be declared redundant, lack of information or misunderstanding and lack of awareness of the need for change. At the organizational level, the study revealed that typical barriers to change include aspects such as preoccupation in seeing immediate financial benefits of change, lack of coordination and cooperation, threats to existing power, reward systems that are out of alignment with proposed change.

Other barriers to stakeholder involvement in a change process as echoed by the respondents include; poor planning and inconsistent operational management, lack of capacity building by the senior and middle management, communication breakdown among the management, lack of training on change management, poor financial management, and autocratic leadership styles.

4.8 Discussion of Findings

The main objective of the study was to determine the extent of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. The study
established that the level of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited is still at a low level. The study findings revealed that employees and managers hold different opinions regarding stakeholder involvement in the change process. Managers are of the opinion that all stakeholders are comprehensively involved in a change process while stakeholders perceive the change process as devoid of a comprehensive and inclusive stakeholder’s involvement. The employees are never consulted in any of the change process at Finlays Tea Company Limited.

The tea sector specifically Finlays Tea Company limited is faced with a number of unique challenges while undertaking strategic changes. According to Kaloki (2011), these challenges emanate from weak management and operation systems, and greater emphasis on the immediate financial gains. The study confirmed the findings as the organization is faced by challenges that range from stakeholder acceptance of the process and even resistance to change by the internal stakeholders. The challenges are daunting but the organization believes that proper involvement and trainings for all the stakeholders could enable it implement the strategies it has set.

The respondents stated that recently, the company has made a move to creating self-managing company in which all the stakeholders are now involved in the decision-making processes and in implementing them. This is a radical step for employees who were used to being told what to do. According to findings by Gekonde (2011), stakeholder position is dynamic and their interests might change over time. Thus the management team has to be strategic and clear as to whom they are engaging with and
prioritize stakeholders depending on who they are and what interests they might have. With an increased involvement in decision-making, comes a higher level of responsibility and participation among all the stakeholders.

The study established that strategic change at Finlays Tea Company Limited is communicated in a top-down mechanism from top managers through middle level managers to the employees and other stakeholders. The employees hold the view that Finlays Tea Company Limited lacks an effective, open and honest two-way communication on changes within the company. The employees’ expectations are not clearly set, they may not be aware of the change, why it is being done, who is impacted and how, and what their roles and responsibilities are. The respondents from the stakeholders position hold a similar view that the message of change is not continually reinforced throughout the organization by the multiple levels of management. The divergent opinions on stakeholder involvement in the management of strategic change at Finlays Tea Company Limited can be attributed to the autocratic style of leadership that existed earlier in the company in which there was very little opportunity for other role players to make decisions. Top-down mandates from the management created constant streams of schedules, policies, rules, regulations et cetera through which stakeholders are dictated on what to do. In this regard, stakeholders were oriented to being the recipients of instructions and to view change management as the prerogative of the top level management only.
The study established that only top level managers have undergone trainings on change management. On the other hand, middle level managers and employees have never undergone training in strategic change management. The respondents were of the similar opinion that the company lacks effective trainings/orientations programmes thus rendering stakeholders technically and professionally incapable of implementing strategic changes instituted by the company.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presented the summary of the key data findings, conclusion drawn from the findings highlighted and recommendations made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving the research objective which is to what extent has Finlays Tea Company Limited involved stakeholders in the management of strategic change.

5.2 Summary of Findings
The main objective of the study was to determine the extent of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. To achieve the main objective the study investigated Strategic changes at Finlays Tea Company Limited, change management process, communication of change, trainings/orientations for strategic changes, stakeholder involvement in the change process and barriers to stakeholder involvement in a change process at Finlays Tea Company Limited.

The study established that Finlays Tea Company Limited has effected a number of strategic changes to enhance its performance and competitiveness. The strategic changes include the expansion of areas under tea and increase in the number of factories; product diversification (Finlays Tea Company Limited has an array of products which include tea, coffee, rubber, timber, flowers and vegetables and services such as tea trading, tea extracts, beverage packing, and integrated pest management) and product innovations
The change management process at Finlays Tea Company Limited according to the findings of the study consists of the following steps creating urgency (developing a sense of urgency around the need for change) formation of a powerful coalition (convening people with strong leadership skills to oversee change management), creating a vision for change (link these concepts of change to an overall vision that people can grasp easily and remember) communicating the vision for change, removing the obstacles to change, building on change and anchoring the changes in corporate culture.

The study established that strategic change at Finlays Tea Company Limited is communicated in a top-down mechanism from top managers through middle level managers to the employees and other stakeholders. The employees hold the view that Finlays Tea Company Limited lacks an effective, open and honest two way communication on changes within the company. The employees’ expectations are not clearly set, they may not be aware of the change, why it is being done, who is impacted and how, and what their roles and responsibilities are. The respondents from the stakeholders position hold a similar view that the message of change is not continually reinforced throughout the organization by the multiple levels of management. The study established that only top level managers have undergone trainings on change management. On the other hand, middle level managers and employees have never undergone training in strategic change management. The respondents were of the similar opinion that the company lacks effective trainings/orientations programmes thus rendering stakeholders technically and professionally incapable of implementing strategic changes instituted by the company.
In regard to stakeholders’ involvement in the change process at Finlays Tea Company Limited, the study established that management and stakeholders hold divergent views. The management holds the perception that stakeholders are comprehensively involved in a change process while stakeholders perceive the change process as devoid of a comprehensive and inclusive stakeholder’s involvement. The stakeholders stated that they are never consulted in any of the change process at Finlays Tea Company Limited. The autocratic style of leadership that existed earlier in the company meant that there was very little opportunity for other role players to make decisions. Top-down mandates from the management created constant streams of schedules, policies, rules, regulations et cetera through which stakeholders are dictated on what to do. In this regard, stakeholders were oriented to being the recipients of instructions and to view change management as the prerogative of the top level management only.

The respondents stated that recently, the company has made a move to creating self-managing company in which all the stakeholders are now involved in the decision-making processes and in implementing them. This is a radical step for employees who were used to being told what to do. With an increase involvement in decision-making, comes a higher level of responsibility and participation among all the stakeholders. Due to the changing demands and circumstances in the Kenyan tea industry, all the stakeholders are required to cooperate in reaching decisions on change. Stakeholder involvement is a powerful tool that ensures that the key players are engaged and contribute to the success of the company.
Furthermore, it emerged from the study that the respondents seemed to be conversant with the barriers that hinder the effective management of change at Finlays Tea Company Limited. The barriers include resistance to change among stakeholders, poor planning, inconsistent operational management, lack of capacity building by the senior and middle management, communication breakdown among the management, lack of training on change management as well as poor financial management.

5.3 Conclusion

From the summary of findings, the research concludes that there is a low level of stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. Despite the many change strategies that the company has adopted there exists a difference in opinion among stakeholders and the management regarding the level of stakeholder involvement in management of strategic change process. While the management views the change process as inclusive, stakeholders perceive it as exclusive of their engagement.

These divergent opinions points towards lack of involvement of all stakeholders in the decision-making process prior to implementation of organizational changes. The main hindrances to stakeholder involvement in a change process include resistance to change among stakeholders, lack of accountability, ineffective communication channels in the organization, poor planning, inconsistent operational management, lack of capacity building by the senior and middle management, lack of training on change management and poor leadership styles.
From the findings of this research it is evident that a wide range of actors come into play to influence the extent of stakeholder involvement in the management of strategic change. It is also apparent that even though all the factors presented to the respondents influence the extent of stakeholder involvement, not all those in the management team indicated this fact. This implies that not all the factors will have the same influence on the extent of stakeholder involvement in management of strategic change. It may not be therefore realistic to make an absolute conclusion that the factors have the same magnitude of effect.

5.4 Recommendations for Policy and Practice

The recommendations are based on result of consultations with stakeholders from diverse backgrounds and desk research.

5.4.1 Recommendations for Policy

The study revealed that stakeholders influence implementation of strategic change at Finlays Tea Company Limited. The study thus recommends that companies should minimize resistance to change by instituting policies which emphasize on the importance of stakeholder involvement at different points of the change process.

Stakeholder involvement in a change process should be enhanced through training all stakeholders on change management, engaging all stakeholders in the decision making processes leading to changes within the organization, and ensuring that change communication channels are open and accessible to stakeholders.
5.4.2 Recommendations for Practice

In regards to practice, the study recommends that tea companies should improve on stakeholder participation in change management by: promoting healthier lifestyles of employees through access to food and shelter, sanitation, clean water and primary health care; treating employees fairly, with dignity and respect; empowering stakeholders to make their voices heard through democratic representative bodies, rewarding employees for achieving the company’s business objectives and educating stakeholders on the values and principles of sustainable development.

5.5 Limitations of Study

The findings of the study may not be generalized to other tea companies, being that this was a case study on one company the data gathered might differ from strategic responses that other companies in the tea sector have adopted to engage their stakeholders. This is because different tea companies also have different approaches to strategic management and leadership styles which influences stakeholder involvement in the management of strategic change. Therefore, the findings of the study may be limited to Finlays Tea Company Limited and other tea companies which have similar structure of governance and operate in a similar social, political and economic environment.

Case study method of approach provides rich raw material for advancing theoretical ideas and insights that may not be unearthed by other research approaches. However this method of approach suffers from undue biases which places objectivity at stake since it’s
difficult to establish the validity or reliability of information provided and conclusions are highly subjective.

The study has also focused on only one of the factors that have an impact on strategic change management. However there are other factors that have a vital role in strategic change management such as organizational leadership, organization design and also corporate governance. Thus a gap exists which needs to be addressed.

5.6 Suggestions for Further Studies

The study has achieved its aim that is to investigate stakeholder involvement in the management of strategic change at Finlays Tea Company Limited. It has therefore opened up avenues for further research since it was confined to one tea company that is Finlays Tea Company Limited which may differ in their way of management and also operate under a different context all together. Therefore the researcher recommends a replicate study to be conducted in other tea companies in order to assess whether the study could yield similar findings regarding stakeholder involvement in the management of strategic change. Also an alternative comparative study can be undertaken between multinational tea company such as Williamson Tea Company Limited and indigenous tea company such as Nandi Tea Company Limited to see if there exist any further differences in their approach to stakeholder involvement.
The researcher further recommends similar studies to be undertaken adopting other research designs which are more objective based such as survey method which yields a broader range of information and variability of results is reduced since it is relatively much easier to analyze, quote and interrelate the data obtained.

The study also focused only on one of the factors that affect strategic change management that is stakeholder involvement. Thus the researcher recommends further studies to be conducted on other factors such as effect of leadership, organizational design, or corporate governance on strategic change management.
REFERENCES


APPENDICES

Appendix I: Letter of Introduction

The Respondent
Finlay Tea Estate,
P.O Box 223-20200,
Kericho.
Dear Sir/Madam,
RE: LETTER OF INTRODUCTION
I am a postgraduate student in the school of business at University of Nairobi pursuing a master degree in Business Administration. In order to fulfill the degree requirement am undertaking a research on ‘Stakeholder involvement in the management of strategic change at Finlays Tea Company Limited Tea Estate Company Limited.

I kindly request for your assistance by availing your time for a short interview of not more than twenty minutes based on the guide enclosed herein. Any documents, strategic plans or reports that you may have that are relevant to this topic of study may be availed to me at your discretion. A copy of the final report will be made available at your request. Your assistance will be highly appreciated. Please be assured that the information you provide will be used exclusively for academic purposes on this research project.

Yours faithfully,

Sarah Atieno Noah
MBA student
University of Nairobi

Dr. Vincent Machuki
Project supervisor
University of Nairobi
Appendix II: Interview Schedule for Management

Part A: Background Information

1. What is your current position? ..............................................................

2. Which department do you represent? ......................................................

3. For how long have you been working in the company? ..........................

PART B: EXTENT OF STAKEHOLDER INVOLVEMENT IN THE MANAGEMENT OF STRATEGIC CHANGE

4. Have there been any strategic changes since you joined the organization? If yes can you state any? 

....................................................................................................................... 

....................................................................................................................... 

5. Who and how is change communicated in your organization? 

....................................................................................................................... 

6. How would you describe the change management process in your organization? 

....................................................................................................................... 

7. In your view, are stakeholders comprehensively involved in a change process? 

....................................................................................................................... 

8. What kind of trainings/orientations is undertaken before strategic changes are effected? 

....................................................................................................................... 

9. Have there been problems in the past which have slowed down the process of stakeholder involvement in your organization? (Cite examples) 

.......................................................................................................................
10. What would you recommend to be done to overcome some of the challenges stated in No.9 above?

........................................................................................................................................

11. Gauging from your experience of stakeholder involvement in the management of strategic change, would you recommend the involvement of stakeholders to other organizations?

........................................................................................................................................

........................................................................................................................................
Appendix III: Interview Schedule For Stakeholders

Part A: Background Information

1. What is your stakeholder position?
   a) Government   b) Employee   c) Trade union   e) others (specify)

PART B: EXTENT OF STAKEHOLDER INVOLVEMENT IN THE MANAGEMENT OF STRATEGIC CHANGE

2. Have there been any strategic changes in the past? Cite examples

3. Have you been involved or consulted in any change process? If yes how?

4. In your own opinion how would you describe the trainings/orientations undertaken before strategic changes are effected?

5. How would you describe the relationship between the company and its stakeholders?

6. When people have problems in implementing changes is there an existing communication channel? Elaborate

7. In your own opinion, what do you think should be done to strengthen stakeholder involvement in the management of strategic change?
DATE: 19/6/2013

TO WHOM IT MAY CONCERN

The bearer of this letter...Sarah...Ndungu...M2011...

Registration No...MBA 123...

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 NYARUTO
FOR: MBA CO-ORDINATOR
SCHOOL OF BUSINESS

19 JUN 2013