STRATEGIC CHANGE MANAGEMENT PRACTICES WITHIN THE INSURANCE REGULATORY AUTHORITY

BY

ANNE CHELAGAT

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DECLARATION

I, the undersigned, declare that this project is my original work and that it has not been presented in any other university or institution for academic credit.

Signature ……………………………………    Date …………………………………………

NAME: ANNE CHELAGAT      REG: D61/70528/2009

This project has been submitted for examination with my approval as university supervisor.

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

ELIUD MUDUDA
University of Nairobi
School Of Business
Department of Strategic Management
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I want to thank the Almighty God for walking with me each and every day, all glory and honour is yours Almighty Father.

Special thanks to my family members for the financial, spiritual and moral support they have given me to achieve my dreams this far. To my children Chepchumba and Kiprop, thank you so dearly for your prayers, patients and words of encouragement during my studies which kept me going even when things were tough.

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DEDICATION

This project is dedicated to my lovely children Chepchumba and Kiprop who are most precious to me and who remain my greatest inspiration in everything I do. You mean the world to me.
ABSTRACT

The Insurance Regulatory Authority became autonomous through an Act of Parliament to be able to adequately deal with the challenges and demands of the various stakeholders in the insurance industry. Expectations of quality services have placed extreme pressure on managers and the organisation to deliver on the services. Because of the fact that changes are a necessity in the public sector, change has to be continuous in the life of the Authority.

The purpose of this study was to determine the strategic change management practices adopted by the Insurance Regulatory Authority and the effectiveness of the strategic change management practices. The study was conducted using a case study research design. The interviewees consisted of senior managers and divisional heads of the Authority.

The study found that the Insurance Regulatory Authority has adopted various strategic change management practices. This includes restructuring of the Authority to meet the demands of the various stakeholders and aligning the Authority’s strategies with the government strategies as outlined in the vision 2030.

From the findings of the study there are still challenges on change management which the Authority needs to address to get commitment and support from the employees and the players in the Insurance Industry. This would enable the Authority attain its strategic objectives and increase the penetration of insurance in the Kenyan market.
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1.1 Background of the Study

Given the complex nature and competitive environment under which modern organizations operate, the way forward for organizations is to adopt strategies, methods and practices which enable them to be ahead of their competitors (Johnson and Scholes, 2003). In an ever-changing global economy Johnson and Scholes (2003) notes that organizations must find ways of operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Because of the fact that changes are a necessity in private as well as public sector, every organization must change with the environment otherwise it would become irrelevant. Rose and Lawton (1999) observes that changes in the public service arise out of the need for efficiency, economy, effectiveness, performance evaluation, ethics and market concerns. Rising demand for services and expectations of quality of those services have placed extreme pressure on managers and their organisations, depicting change as a continuous episode in the life of corporations.

Armstrong (2004), asserts that the process starts with an awareness of the need for change. An analysis of this situation and the factors that have created it leads to diagnosis of their distinctive characteristics and an indication of the direction in which actions needs to be taken. Possible causes of action can be identified and evaluated and a choice made of the preferred action. Organizational development techniques help to implement the needed organizational changes in a manner that is acceptable to employees and that enhances the effectiveness of the organization, increases productivity, motivates employees and increases job satisfaction.

According to Kanter (1997), introducing change in an organization is never an easy task. Vision is needed at the outset, staff needs to be consulted and involved in decision making and the administration machine has to match the demands of the change programme. The change has to be properly resourced in human material, administrative costs and technological terms, all of which must be paid for in order to gain the benefits that are sought. Hardy (1995) asserts that to remain competitive, modern organizations
should aim at uniqueness and superiority in all spheres of their operations, technology, work procedures, goods and services, approaches in the various management functions of planning, organizations, staffing, directing and controlling. These changes are only possible through creative and innovative thinking.

Nauheimer (2005) described change management practices as the process, tools and techniques to manage the people-side of change processes, to achieve the required outcomes, and to realize the change effectively within the individual change agent the inner team, and the wider system. There are a multitude of concepts on change management practices and it is very difficult to distil a common denominator from all the sources that are applying the phrase to their mental maps of organizational development. But obviously there is a tight connection with the concept of learning organizations. Only if organizations and individuals within organizations learn, will they be able to master a positive change. In other words, change is the result from an organizational learning process that centers’ around the questions: 'In order to sustain and grow as an organization and as individuals within; what are the procedures, what is the know-how we need to maintain and where do we need to change?', and, 'How can we manage a change, that is in harmony with the values we hold as individuals and as organizations?

1.1.1 Concept of Strategic Change

Organizational change is an empirical observation in an organizational entity of variations in shape, quality or state over time (Van de Ven and Poole, 1995), after the deliberate Introduction of new ways of thinking, acting and operating (Schalk, Campbell and Freese, 1998). The general aim of organizational change is an adaptation to the environment or an improvement in performance (Smith, 1987). Njania (2002) observed that all organizations exist and depend on the environment for inputs and outputs. Organizations consume resources, transform them through the various processes and then release the output to the environment. The environment is important for the success and survival of the organizations. In the recent past, the global environment has been increasingly turbulent, competition in all sectors continues to increase, consumer tastes and preferences are changing fast. This has increased the need for application of strategic change. Hamel and Prahalad (1989) states that companies that have risen to leadership
invariably began with ambition that was out of proportion to their resources and capabilities. But they created an obsession with winning at all levels. Hamel and Prahalad (1989) term this obsession strategic intent. The concept of strategic intent encompasses an active management process that includes focusing the organizations attention on the essence of winning, motivating people by communicating the value of the target; having room for individual and team contribution; sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource allocations. They sum up strategic intent as capturing the essence of winning; it provides consistency to short term action while having room for re-interpretation as new opportunities emerge.

Organizational Change Leaders, managers and supervisors can learn basic transition management strategies. With such strategies, they can bring employees through even far-reaching and wrenching changes with renewed energy and purpose. When they do that, the organization is strengthened not only by the improvements resulting from the change, but also by the renewal and realignment that comes from the transition (Van de Ven and Poole, 1995). The goals of the changes on which the organization's future depends are often threatened by the effects of the changes on the people who must carry them out and the environmental forces.

1.1.2 Insurance Regulatory Authority

The Insurance Regulatory Authority (IRA) is an autonomous Government agency established to oversee Kenya’s insurance industry for the benefit of the Kenyan public. Since its creation in May 2007, the Authority has set forth to resolving the myriad of challenges facing the insurance industry in line with its core mandate of regulating, supervising and developing the industry. One major challenge facing the insurance industry in Kenya is the low insurance penetration coupled with the negative perception towards insurance products and services by members of the public. The situation was further made worse by the onset of the world financial crisis that started in 2007. The effects of the financial crisis resulted in serious disruptions of the financial service sector, particularly on investments in which the insurance sector is a major player.
In executing its mandate, IRA adheres to the core principles of objectivity, accountability and transparency in promoting not only compliance with the Insurance Act and other legal requirements by insurance/reinsurance companies and intermediaries but also sound business practices. IRA therefore practices regulation and supervision that enables industry players to be innovative and entrepreneurial. Bearing in mind industry differences in terms of size, extent and complexity, necessitating changes in operating and investment decisions helps cut down on compliance costs. Since in the long run, this has impacts on productivity and growth of the insurance sector, the Authority deploys significant resources in monitoring market behaviors, compliance and solvency issues.

The Authority works collectively and individually with Industry players in achieving the following fundamental insurance regulatory objectives which are compliance by insurance/reinsurance companies and intermediaries with legal requirements and sound business practices. Set clear objectives and standards of intervention for insurance/reinsurance companies and intermediaries. Protect consumers and promote high degree of security for policyholders. Promote efficient, fair, safe and stable markets. Maintain the confidence of consumers in the market. Ensure insurance/reinsurance companies and intermediaries remain operationally viable and solvent and establish a transparent basis for timely, appropriate and consistent supervisory intervention, including enforcement.

IRA recognizes the need to ensure restructuring processes; legislative amendments, capacity building, and institutional strengthening remain aligned with the government's strategic objectives as outlined in the vision 2030. The insurance industry is keenly observing the emergence of new products such as Banc assurance, Agricultural insurance and Micro insurance as well as new business models such as Islamic insurance known as Takaful. Developments such as demergers involving composite insurers demerging their life portfolios into fully fledged insurance companies are also taking place in the insurance sector. During 2009 two composite insurers separated their life portfolios from their general portfolios leading to the creation of two new fully fledged companies.
The insurance industry incurred major losses from its investments in the stock market as stock prices came down tumbling thereby significantly impacting on their solvency margins. Other challenges facing the industry include fraud, the poor performance of motor insurance business, management of motor Public Service Vehicles (PSV) insurance and the management of claims and complaints from members of the public. Protection of policyholder interests is one of the core objectives of IRA. Policyholder protection can only be achieved within a stable economic environment. In order to realize this stability, IRA has proposed various amendments to the Insurance Act most of which were enacted and are due to become operational by the start of 2011. One such amendment is the appointment of public prosecutors for the purpose of handling cases arising under the Insurance Act. IRA is also developing a new regulatory framework that is deemed to lay more emphasis on risks carried by an insurance company rather than the current rule based framework which is a one-fits-all requirements. The Risk Based Regulatory framework shall base capital requirements on the amount of risks carried by a particular insurance company and is bound to guarantee increased stability in the sector.

1.2 Research Problem

Most companies face critical dual challenges in sustaining and improving profitability while increasing processes, efficiencies and fuelling growth. Companies are faced by changing environments each day and are undertaking change management as a way of improving the company’s competitive advantage, longevity, or sustainability as well as improving organizational performance. No advantage is sustainable indefinitely since everything can eventually be copied and no customer is loyal forever. However, it is possible for a company to estimate the probable degree to which advantage could be sustained through change management processes. The world today is a place of relentless and accelerating change. In order to survive and remain successful, organizations are often required to undergo dynamic changes. The common areas targeted for change usually include the organizations strategic direction, structure, policies, technology and practices. As organizations go through these changes the issues of resistance normally arises (Hamel and Prahalad, 1994).
Considerable studies on strategic change management in Kenya have been done. Njau (2000) noted that there is need to change when environmental conditions change. A study by Kandie (2001) concluded that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment. Although further studies by Mbogo(2003), Rukunga (2003), Ogwora (2003) and Kathuka (2004) noted that more Kenyan organizations have responded to the changing environmental conditions they did not focus much on how changes in management have been managed and the impact on the introduction of reforms and modernization in public corporations in order to ensure sustained success. These studies have given insights into the challenges and responses of some Kenyan organizations in the change management process and how to manage these changes. However, to the best of the researcher's knowledge, no study has been done on strategic change management practices in parastatals and more so specifically at Insurance Regulatory Authority, hence a gap exists in understanding the strategic change management practices have been adopted. The study sought to answer the following research question what are the strategic change management practices adopted by the Insurance Regulatory Authority and how effective is the strategic change management practices at the Insurance Regulatory Authority?

1.3 Objectives of the Study

The objectives of this study were;

i. To determine the strategic change management practices adopted by the Insurance Regulatory Authority.

ii. To determine the effectiveness of strategic change management practices at the Insurance Regulatory Authority.

1.4 Value of the Study

The findings of the study are expected to be of particular importance to the following:

It will assist policy makers when making policies regarding the Insurance Regulatory Authority for effective management.
The study will provide the management of Insurance Regulatory Authority with an appreciation of the external environmental factors and their effect on the organization. It is also hoped that the study will provide them with means of responding to the external environment.

The study will provide academicians with a basis upon which further studies on change management could be done. It will contribute to the general body of knowledge and form a basis for further research on ways of utilizing the financial sector to grow economically.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Change is any planned or unplanned transition from one scenario to another. Change could be biological, chemical, physical or strategic change. Strategic change is long term in nature, affects the entire organization and aims at achieving effectiveness. Operational change on the other hand is short term in nature, affects sections of the organization and focuses on efficiency. A change in one part of the system has an impact on other parts of the system. Change can therefore be achieved by changing the sub systems but one then needs to understand the interrelationship of the subsystems.

2.2 Theories of Change Management

Burnes (1998) notes that there are three schools of thought that form the central bank on which change management theory stands; first there is the individual perspective school which assumes that individual behavior results from his interaction with the environment. Human actions are conditioned by expected consequences and behavior is rewarded to be repeated and vice versa. Psychologists argue that behavior is influenced by external stimuli. Second there is the group dynamics school, which argues that individuals’ behavior is a function of group environment. Individuals behave in a way that conforms to group pressure, norms, roles and values. Change focus in such a case should be on influencing group norms, roles, and values to bring about successful strategic change. And third there is the open systems school whose focus is on the entire organization. It sees the organization as being composed of different sub systems, which are the goals and values sub systems, the technical subsystem, the psychological sub system and the managerial subsystem (Miller, 1967). A change in one part of the system has an impact on other parts of the system. Change can therefore be achieved by changing the sub systems but one then needs to understand the interrelationship of the subsystems.

2.3 Concept of Change Management

In recent dialogue concerning organizational change, there has been broad consensus that increasing environmental instability and uncertainty are forcing companies to change
continuously (Brown and Eisenhardt, 1997). However, change itself is a risky, and often haphazard and improvised, process reaching unsatisfactory results in many companies, sometimes even leaving them worse off than before (Katzenbach and Smith, 1993). For example, reform change had considerable challenges in their implementation in countries like; Argentina where the reforms had disagreements on the benchmarking and funding was inadequate, in the Philippines there was difficulties in customs software development and in Senegal there was a weak supervision which lacked a mechanism to detect problems. Farias and Johnson (2000), further state that only about 50 percent of all large-scale change interventions are successful. These facts have given management scholars and practitioners alike pause to solve the puzzle of how companies can ensure successful change without much distracting and distorting the intended change. One answer, proposed by several authors, in response to this puzzle revolves around what managers can do to ensure success in a change process flows smoothly (Kotter, 1996). Several authors argue that the decisions managers make are critical to ensuring that their companies stay apace and aligned with changing demands, (Child, 1972; Romanelli and Tushman, 1988).

Robin and Coulter (2002) assert that if there was no change and the environment was relatively static, the process of strategic management would appear to be fairly simple and manager’s job relatively easy. Planning would be simplified, because tomorrow’s operations would be no different from today’s operations. The issues of effective organization design would also be solved since the environment would be free from uncertainty and there would be no need to adapt new changes, which sometimes are expensive and tedious to carry out. However, the management decisions discussed here tends to emphasize the implementation process in line with the intended change. Decisions prior to the rollout of a change program –especially those related to clarifying the change itself, have received surprisingly little attention (Lengnick-Hall and Lengnick-Hall, 1988). Nevertheless, strategic change is not merely a matter of defining steps, procedures or systems that will ensure its successful implementation process. But change management also embodies taking a firm grasp on seminal change ideas, purpose and intended output in the whole change program, which must then be thought through and clarified before the enactment of the change.
In contrast, majority of organizations are in favor of a systematic decision making processes for developing and executing change management. The following contribution therefore focuses on key priorities in decisions change management process. Inappropriate set up and executions are two of the major reasons why certain change processes are only marginally successful or even completely unsuccessful (Kotter, 1996). So from a theoretical and practical standpoint, there is a difference between; ‘How do we do it right?’ and ‘What would be right?’

As Kotter (1996) points out, there is a difference between leading change and managing change. If leading change revolves around conceiving a clear goal as well as logic for how to achieve it, managing change deals with the actual realization of that logic in a controllable process (Kotter, 1996). In essence organizations must clarify in a straightforward and in systematic way what change would be right for their company even before they approach the subject of implementation. When change programs or projects are in their initial steps queries emerge, such as ‘Does the change make sense?’, ‘Is it the right thing for the company?’ or ‘Is it happening at the right time?’. Such queries and misgivings rob organizations of its drive, weaken the process and hinder long-term implementation (Bruch and Vogel, 2004). This usually happens as nobody wants to be associated with failure and consequential outcome.

2.4 Concept of Strategy and Strategic Management

Strategy is concerned with the means to meet ends, that is, it is concerned with achieving objectives. A strategy is also a set of rules for guiding decisions about organizational behavior. Strategies may be explicit or implicit, kept within the senior management team or pervading the organization to produce a sense of common direction (Newcomb, Langford, 2006). Strategic management is a systematic approach to major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will ensure its continued success and make it secure from surprises. Strategic management is concerned with deciding on a strategy, and planning how that strategy is to be put into efface. It can be thought of as having three main elements within it. There is strategic analysis, in which the strategist seeks to
understand the strategic position of the organization. Strategic choice which deals with the formulation of possible courses of action, their evaluation and choice between them. Finally there is strategic implementation which is concerned with planning how the choice of strategy can be put into effect. The three elements of the strategic management are often seen as sequential in traditional texts, but actually they overlap and interact such that partial implementation may modify strategic choices for example (Newcomb, Langford, 2006).

In strategy formulation, the means and ends of strategy are for the most part conceptual. They are the ideas leaders associate with how they hope to win at competition. These ideas become the logical bases for marshalling an organization's resources and for focusing the attention of its members on the goal of gaining advantage. Such ideas might lead an organization to commit itself to making dramatic moves, such as engaging in merger and acquisition activities to build market share and, possibly, market dominance. In this case, merger would be the intended means to achieve the end of market dominance. The means of strategy need not always involve major commitments of new resources. An organization can conclude, for example, that it already has attained a considerable advantage in the market: therefore, its strategy, idea might be to the line, stay the course, and emphasize mere refinements of what that organization is currently doing. In this case, the means is to stick to the knitting (so to speak) and die end to sustain established market advantages. In sum, whatever an organization conceives as its basis for attaining sustaining advantage becomes the essence of the organization's strategy, (Mintzberg, 1994).

Strategy is more than the sum of new ideas that point to future actions and investments. It includes also the cumulative effects of past actions and investments in capabilities, resources, position, acquisitions, and so forth, at least to the extent that such contribute to competitive advantage. By melding together past with future decisions and investments, strategies become eminently integrative. Merely gaining an advantage is often insufficient in this world of rapid change (D’ Aveni, 1994). Competitors will not likely sit on the sidelines while their rivals maneuver to gain advantage. Rather, they will actively search for ways to imitate or directly counter the erode.
2.4.1 Strategic Change Management

Organizational change is an empirical observation in an organizational entity of variations in" shape, quality or state over time (Van de Ven and Poole, 1995), after the deliberate introduction of new ways of thinking, acting and operating (Schalk, Campbell and Freese, 1998). The general aim of organizational change is an adaptation to the environment (Child and Smith, 1987) or an improvement in performance (Boeker, 1997). This definition encompasses many situations that should be distinguished by applying certain dimensions to establish 'typologies of change'.

Evolutionary, incremental, or first order changes are described as small changes that alter certain small aspects, looking for an improvement in the present situation, but keeping the general working framework (Blumenthal and Haspeslagh, 1994). The second types of changes are strategic, transformational, revolutionary or second order ones. These are radical transformations, where the organization totally changes its essential framework (Ghoshal and Bartlett, 1996), looking generally for a new competitive advantage and affecting the basic capabilities of the organization (Ruiz and Lorenzo, 1999).

Njania (2002) observed that all organizations exist and depend on the environment for inputs and outputs. Organizations consume resources, transform them through the various processes and then release the output to the environment. The environment is important for the success and survival of the organizations. In the recent past, the global environment has been increasingly turbulent, competition in all sectors continues to increase, consumer tastes and preferences are changing fast. This has increased the need for application of strategic change. Hamel and Prahalad (1994) say that companies that have risen to leadership invariably began with ambition that was out of proportion to their resources and capabilities. But they created an obsession with winning at all levels. Hamel and Prahalad (1994) term this obsession strategic intent.

2.5 Change Management Practices

The change management practices are related to various activities managers do as they handle various aspects of change and practices involved as discussed below:-
2.5.1 Focusing the Change Agenda

Change processes are by nature complex, but they must have clear priorities in order to be manageable. Excessive complexity and an inconsistent focus are deadly to a program’s executability, especially to a company-wide program. So as they ask themselves what the right change would be, companies must systematically define what the focal points of the change will entail and what, as a result, those focal points will not entail. Another critical factor for the success of a change process is top management credibility Simons (1999). So as to design the change, a company’s top management must ask itself, ‘What can we credibly implement?’, ‘What change can we really commit to?’ and ‘What type of change will fit our style so that we will be able to support it authentically and wholeheartedly later?’

2.5.2 Designing the Right Change management

Change programs and projects have to make sense from the beginning, when the actual idea of change came in to place. The feeling that a change is right for a company and the necessary sense of urgency to secure its realization will only occur if it is clear that the change has been tailored to the company and its particular business situation Bruch and Ghoshal (2003). Change is only possible when it is contextualized against the backdrop of a company’s particular past and present, (Pettigrew, 1987).

Change processes are only successful if they fit a company’s current culture. Traditions, norms and shared values within a company must be included in the deliberations regarding the selection of a change program (Heracleous, 2001). Certain change processes cannot be executed in more bureaucratic cultures, while other types of processes simply are not compatible with team-oriented or innovative/ dynamic organizations (Bruch and Ghoshal, 2004). In addition, the basic process of designing the program for a particular change should also account for a company’s energy. Different types of change programs will be effective with companies characterized by comfortable inertia than for companies with other types of energy, such as change tiredness, high productive energy or resignative inertia , (Bruch and Ghoshal , 2004).
Determining the right change to adopt involves management decision on which change program is right for a company at a particular point in time, the management must also systematically make decisions that will ensure that the change will be implemented successfully and have a permanent impact. Acceptance, attention, effective change agents as well as momentum and sustainability are all key in this regard (Davenport and Beck, 2000; Kotter, 1996). Without these factors, change processes will not be put in motion, make headway only with great difficulty or have a fleeting or even negligible impact, (Weick, 2000).

2.5.3 Organization Acceptance and Attention

Insufficient acceptance is often considered to be the major source of resistance within organizations and the key reason why change initiatives fail and persists to haunt even in future. Well thought-out acceptance within employers and employees is based on an approach that integrates everyone involved in a way that promotes commitment and desire to change. As organizations continue to experience changes even the slightest, management must ensure that employees see that the change process has priority, is beneficial, is permanently present and that key information is not lost within the chain. So key levers of attention management include effective branding, in-depth, personal, top management communication and demonstrative, regular monitoring, (Davenport and Beck, 2000).

2.5.4 Momentum and Sustainable Change Management Effects

One key factor for implementing change is having the right people to sell, implement, and drive the program from start to finish. One of the reasons change processes fail is because companies underestimate the importance of the individuals involved in the change and their interaction (Kotter, 1996). Change management loses momentum when a company does not address the issue of its own organizational energy. Organizational energy reflects the extent to which a company has mobilized its potential in pursuit of its goals, (Bruch and Ghoshal, 2003). Problems associated with energy during change manifest themselves as either insufficient urgency during the beginning phases of, a loss in momentum during or the reversal of positive impact after a change program. Change initiatives in turbulent environments are filled with unexpected transitions that managers
must deal with to secure a change effort, (Brown and Eisenhardt, 1997). Three things can be done to avert these typical pitfalls. First, the required urgency for initiating a change can be achieved through a large number of visible, tangible activities such as consultations. Second, the primary means for maintaining momentum for a change is to strategically revitalize and refocus on the change. Third, integrating the result of the change into existing organization structures and systems should safeguard the long-term impact of a change.

2.5.5 Styles in Managing Change

There have been a number of recognized styles for managing change. The first of these relates to education and communication. According to this style, management needs to explain the reasons for and means of strategic change to win the support of everyone in the organization. Bowman and Asch (1987) point out that a change strategy of education and communication is based on the assumption that if people are given the rationale for change, they will see the need for it and therefore accept it. This may be useful when resistance, based on inadequate or inaccurate information, is anticipated.

The second style involves collaboration or participation. To increase ownership of a decision and change process, and increase commitment to it, it is crucial to involve those who will be affected by the change to participate in identifying strategic issues, setting the strategic agenda, the strategic decision-making process or planning of the strategic change. This leads to better quality of decisions than would have otherwise been achieved.

The third style involves intervention whereby the change agent retains control of the change process but delegates certain tasks to teams or groups. The change agent could delegate certain elements of the change process, for instance, idea generation, data collection, detailed planning or the development of rationale for change to project teams of taskforces. These teams become involved in the change process and see their work building towards the change process. This is beneficial in that it not only involves members of the organization in idea generation but also in the implementation of solutions.
The fourth style involves direction. This style emphasizes the use of personal managerial authority to establish a clear future strategy on how change will occur. Direction is usually a top-down management of strategic change and may be associated with clear vision or strategic intent developed by someone recognized as the leader in the organization.

The fifth style relates to coercion. This involves imposition of change or the issuing of edicts about change. It is the explicit use of power and may be necessary if the organization is facing a crisis. This style may be useful in crisis situations or rapid transformational change. Other strategies include use of power to bring about change. Change can be implemented in situations where the implementers possess some form of power. Bowman and Asch (1987) argue that power strategies are used in situations where the change must be implemented quickly and a few resources are available for programmes of education or negotiation. Power is best used when the commitment of those affected is not necessary for implementation of the change, or when little resistance is expected, since if resistance is crushed by force, it can create problems later. Change implementers can also use manipulation strategies and as Bruch and Ghoshal (2003) suggest, such a strategy could be used to get others in the organization to feel enthusiastic about change. This strategy can be used either through inducement, persuasion, obligation and even coercion. Negotiation strategies are useful when it is obvious there are going to be losers as a result of a change and where losers are likely to resist. These styles are not mutually exclusive and several of them or all of them may be used at the same time or in the same organization. Brown and Eisenhardt (1997) suggest that in most circumstances it may be appropriate to use two or more strategies simultaneously, with different change targets.

2.6 Models in Change Management

Change is inherent in contemporary organizations and its management is not only critical to organizational success and survival but is also at the crux of the field of organization development. Along with important changes taking place in the social fabric within which organizations operate are model impacting organizations within the context of their business operations;
### 2.6.1 DICE factors

Sirkin, *et al* (2005) argued that companies must pay as much attention to the hard side of change management as they do to the soft aspects. By vigorously focusing on four critical elements referred to as DICE factors, they can stack the odds in favour of success. Duration is the time required to complete the change process. It should be long but reviewed frequently. Scheduling milestones and assessing impact are the best review tools. Integrity represents capabilities of the project team. Here, employees need to go an extra mile to ensure that normal work does not suffer. Commitment of senior executives and staff affected by change. There needs to be visible backing by influential executive. Effort is the additional effort by those affected by change process over and above the usual work. The effort should not be more than t of the usual workload.

Managing change is tough, but part of the problem is that there is little agreement on what factors most influence transformation initiatives. Each manager looks at change from differently from his/her perspective based on personal experience. Experts too offer different perspectives. In recent years, most change management gurus have focused on the soft issues such as culture, leadership and motivation. Such aspects are important for success but managing these alone is not enough. The hard factors bear three distinctive characteristics, first they are measurable, secondly, their importance can easily be communicated in and out of an organization and thirdly businesses are able to influence these factors quickly. The writers argue that, if companies do not pay attention to the hard factors first, transformation program programs will break down before soft elements come into play. Executives must study the four DICE factors carefully to figure out whether the change effort will succeed or fail.

### 2.6.2 Force field analysis

Kotter a pioneer in the field of social sciences developed a management technique for diagnosing situations, known as Force Field Analysis. This technique is useful when looking at variables involved when planning and implementing a change management program. In his theory, Lewin assumed that in any situation, there are both driving forces and restraining forces that influence the change that may take place. Driving forces are the forces that tend to initiate change and keep it going. For example, incentive earnings,
competition, threat of a new entrant, and threat of bankruptcy. Restraining forces are forces acting to restrain or decrease the driving forces. Apathy, hostility and poor maintenance of equipment may be examples of restraining forces against increased production. Equilibrium is reached when the sum of the driving forces equals the sum of restraining forces. The equilibrium can be changed by increasing or decreasing the driving and the restraining forces (Baulcomb, 2003). Lewin’s force field model emphasizes that effective change occurs by unfreezing the current situation, moving to a desired condition and then refreezing the system so that it remains in the desired state. Unfreezing involves producing disequilibrium between the driving and restraining forces, (Brown and Eisenhardt, 1997).

2.6.3 Tempered Radicals

Meyer and Stensaker (2006) contend that if a change agent wants to push important cultural changes without damaging his or her career, it is advisable to step softly. Some change agents believe that direct, angry confrontation will get them nowhere, but they don’t sit by and allow frustration to fester. Rather, they work quietly to challenge prevailing wisdom and gently provoke their organizational cultures to adapt. Such agents have been referred to as tempered radicals, because they work to effect significant changes in moderate ways. They gently and continually push against prevailing norms, making a difference in small but steady ways, and setting examples from which others can learn. The changes they inspire are so incremental that they barely merit notice, which is exactly why they work so well.

2.6.4 Positive deviance approach

Pryor M et al (2007) argue that somewhere in your organization, groups of people are already doing things differently and better. To create lasting change, find these areas of positive deviance and fan their flames. Somehow a few isolated groups and individuals, operating with the same constraints and resources as everyone else, prevail against the odds. Bridging the gap between what is happening and what is possible is what change management is all about. The traditional process of creating organizational change involves digging deep to uncover the root causes of problems, hiring experts or importing best practices or assigning a strong role to leaders as champions of change. However,
there are now better ways of doing this, by looking for indigenous sources of change, those people in the organization already doing things in a radically better way.

Farias and Johnson (2000) recommend a six step model make the group the “guru” champions” and leaders, reframe through facts, make it safe to learn, make the problem concrete-firm grasp of reality obliterates vague assumptions and helps focus attention on what is really working. Stating uncomfortable truth concretely helps in avoiding ducking the challenge at hand, leverage social proof-seeing believes and finally confound the immune defense response; work on opposing forces.

Robin and Coulter (2002) note that positive deviance approach requires a role reversal in which experts become learners, teachers become students and leaders become followers. The role of the leader is to manage attention, allocate resources, reinforcement and score keeping. Traditional change efforts are typically top-down, outside-in and deficit –based. They focus on fixing what is wrong and not what is working. They also assume a reasonable degree of predictability and control during the change initiative. Unintended consequences are rarely anticipated. Once a solution is chosen, a change program is communicated and rolled out through ranks. The positive deviance approach to change, by contrast is bottom-up, inside-out and asset-based. It powers change from within by identifying and leveraging innovators. This method diminishes the social distance that often blocks acceptance.

2.6.5 Proactive change

Rick (2006) argues that companies can change proactively by analyzing the treads in the industry to enable read the future, looking out for signs of trouble and instituting the necessary changes to mitigate or counter bad effects, encouraging and rewarding entrepreneurial and innovative activity and create an environment in which such efforts would be accepted and rewarded, trainings and seminars on trends in the industry and concept of organizational change, inviting proposals for new products and services and the proposals should be given high level corporate support to secure individual manager’s commitment to project goals.
Lengnick-Hall and Lengnick-Hall (1988) emphasize that innovative managers can operate outside normal organizational structure and traditional culture boundaries. These managers can be multidisciplinary and report directly to the Chief Executive Director, who should personally evaluate their performance and contribution of individual projects to the vision. Juniors should also be given a chance to shape the future of the organization. Visibility and senior management support generates enthusiasm for participating and creates employee ownership in the process. Without the right leadership, employees remain skeptical of the vision for change and distrustful of management. The management will likewise be frustrated and stymied by employee resistance.

Pearce and Robinson (2003) contend that a Chief Executive Officer does not have to wait until he or she feels the pinch to investigate opportunities to improve. It is important for the Chief Executive Officer to frequently (weekly or biweekly) study the performance of the various departments and notes the trends. Without taking anything for granted, adjustments can be made by increasing or decreasing resources.

2.6.6 Time pacing

Eisenhardt and Brown (1998) point out that most companies change in reaction to events such as moves by competition, shifts in technology, or new customer demands. They refer to this as “event pacing”. It is a reactive and often erratic strategy. In fairly stable markets, “event pacing” is an effective way to deal with change. However, successful Companies in rapidly changing, intensely competitive industries need to take a different approach. They change proactively, through regular deadlines. They call term this as time pacing strategy.

Bruch and Vogel (2004) state that time pacing creates a rhythm to which managers can synchronize the speed and intensity of their efforts. In contrast to event pacing, time pacing refers to introducing change according to calendar. It is regular, rhythmic and proactive. It creates a relentless sense of urgency around meeting deadlines and concentrates people on a common set of goals. It predictably also provides people with a sense of control in otherwise chaotic markets. Successful companies implement two
essentials of time pacing. The first is managing transitions-the shift, for example from one new product development project to the next. The second is setting the right rhythm for change. Companies that march to the rhythm of time pacing build momentum, and Companies that effectively manage transitions sustain that momentum without missing important beats.

Small and large Companies, high and low tech alike, can benefit from time pacing especially in market that will not keep still. In rapidly shifting industries, time pacing can help managers anticipate change and set the pace for change. But even in industries in which the rate of change is less than the warp speed, time pacing can counteract the natural tendency of managers to wait for too long, move too slowly, and lose momentum. Time pacing helps managers resolve the fundamental dilemma of how often to change in a dynamic business environment.

2.7 Change Leadership

Kotter and Leonard (1979) stated that fear of change is understandable, but since the environment is constantly changing, organizational change cannot be avoided. One major task of the Manager is to implement change which entails overcoming resistance. Bunker and Wakefield (2006) indicates that the reality of ongoing change is not news for most leaders. Even so, few are prepared to lead in the context of significant, unrelenting change. Often, change sets up leaders to struggle between managing the business and addressing the needs of the people. Typically, it is the people side that loses out. But if leaders don’t establish an effective balance between business and people priorities they can destabilize the organizational culture and erode trust, generating fear and skepticism among employees at a time when a loyal, productive, and enthusiastic workforce is essential for success.

Bunker and Wakefield (2006) add that when leaders focus on establishing trust, they are better able to deal with both the structural and human elements of change. Instead of taking a one sided approach, leaders find they can be both tough and emphatic, committed to the plan and understanding of the pain. They become agile and resilient, and able to do what it takes to lead through change and transition.
Pringle, et al (2006) argue that change leaders would be people who can rise above the constraints of functional boundaries and take a helicopter view of the business and of the organization. They would see their job as bringing together the ability to understand the business and its surrounding environment, understand how organizations, personalities and power dynamics work and how to engender effective action and change, meld their organization and business understanding to create integrated strategies, plan, manage and co-ordinate major change projects.

Sirkin, et al (2005) note that no amount of top-level support is too much for a change process. If employees do not see that Company’s leadership is backing the project they are unlikely to change. If top executives do not communicate, the need for change and what it means to the employees it is unlikely to succeed. Such commitment should come early and consistently. Kotter (1996) contends that, a change process goes through a series of phases, which usually take a considerable length of time. Critical mistakes in any of the phases can lead to devastating results. Leaders who bring about successful change do eight things right, and they do them in the right order. Skipping some of the steps only creates an illusion of speed but does not produce satisfactory results.

Kotter (1999) indicated that Managers need to help employees to overcome their immunity to change. The process challenges the very psychological foundations upon which people function. It asks people to call into question beliefs they have long held close, perhaps since childhood. It may also require people to admit to painful, even embarrassing feelings that they would not ordinarily disclose to others or even to themselves. Indeed, some people will opt not to disrupt their immunity to change, choosing instead to continue their fruitless struggle against their competing commitments.

Langford (2006) adds that a manager should guide people through this process with understanding and sensitivity. If they are to engage in honest introspection and candid disclosure, they must understand that their revelations won’t be used against them. The goal of this exploration is solely to make them more effective, not to find flaws in their work or character. They point out that, as a manager supports his/her employees in
unearthing and challenging their innermost assumptions, they may at times feel they are playing the role of a psychologists. But in a sense manager are psychologists. After all helping people overcome their limitations to become more successful at work is at the very heart of effective management.

Johnson and Scholes (2003) contend that a leader needs not only to lead the change initiative, but also closely manage it. Getting people’s attention is merely the first step. The CEO needs to explain the urgency for change with respect to survival in jeopardy threat, job losses and bankruptcy threat. It is then made everybody’s business to bring the company back to life, through participation and contribution. Terms for change need to be tough and unambiguous. Those who cannot cope may be encouraged to leave. The CEO may offer managers new contracts, and ask them to come up with measurable strategic objectives of reducing costs, increasing revenue, improving efficiency, improved customer service etc. Managers should benchmark against the best in the market. From these, let them develop budgets. Performance should be measured against targets set and linked to bonuses and career growth. Bring in personal commitments, binding agreements and standards for performance. Change cannot be achieved unless subordinates and managers throughout the company are committed to it. Employee concerns need to be addressed. At workshops and seminars, the Managers should explain to employees the consequences and objectives of change. At the top, culture of patronage, social networking and life employment should be a thing of the past.

Mintzberg (1994) states that a leader must sell the idea that the organization cannot continue doing business the way they have been doing it. He adds that it is necessary to let go of the people who cannot or don not want to go through change by developing the necessary skills required by the organization. Every employee needs to understand that unless they are finding ways to generate profitable business, they put everything in jeopardy. If the employees are well informed of what is happening, they are more likely to participate and support change efforts. There is also need to set up credible channels for receiving feedback such as meetings, suggestion boxes, posing a question and seeking anonymous answers and create a special message system where people can ask questions and comment anonymously.
2.8 Successful Strategy Execution

Welch and Welch (2005) indicated that most organization underperformance is due to breakdown between strategy and operations. Many organizations have learned how discussions about bad operations inevitably drive out discussions about good strategy implementation. When organizations fall into this trap, they soon find themselves limping along, making or closely missing their numbers each quarter but never examining how to modify their strategy to generate better growth opportunities or how to break the pattern of short term financial shortfalls.

They add that by creating a closed loop management system, organizations can avoid such shortfalls. The loop comprises of five stages, beginning with strategy development. The strategy is then translated into specific objectives and initiatives using other tools and processes, including strategy maps and balanced score cards. Strategy implementation, in turn links strategy to operations with a third set of tools and processes including quality and process management, reengineering, process dashboards, rolling forecasts, activity based costing, resource capacity planning and dynamic budgeting. As implementation progresses, managers continually review internal operational data and external data on competitors and the business environment. Finally, managers periodically assess the strategy, updating it when they learn that the assumptions underlying it are obsolete or faulty, which starts another loop around the system. A system such as this must be handled carefully. Often, the breakdown occurs right at the beginning, with Organizations formulating grand strategies that they then fail to translate into goals and targets that their middle and lower management understands and strives to achieve. Even when organizations do formalize their strategic objectives, many still struggles because they do not link these objectives to tools that support the operational improvement processes that ultimately must deliver the strategy’s objectives. Or they decide to mix discussions of operations and strategy at the same meeting, causing breakdown in the strategic learning feedback loop.

When looking at different strategy implementation models, Schaap (2006) concludes that the nine step theoretical model developed by Nyambok (2005) truly extends the literature in this field of study. The nine steps include staffing the organization with the needed
skills and expertise, creating a company culture and work climate conducive to successful strategy implementation and execution, developing budgets that steer ample resources into those activities critical to strategic success, ensuring that policies and operating procedures facilitate rather than impede effective execution, ensuring best known practices to perform core business activities and pushing for continuous improvement.

Organization units have to periodically reassess how things are being done and diligently pursue useful changes and improvements, installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out, motivating people to pursue target objectives energetically, tying rewards and incentives directly to the achievements of performance objectives and good strategy execution, and finally exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed. When stumbling blocks or weaknesses are encountered, management has to see that they are addresses and rectified on a timely basis, (Schaap, 2006).

Dressler (2003) states that in practice, a Chief Executive Officer can change several things, including the strategy, culture, structure, technologies, attitudes and skills of the staff. But to do so he or she needs a firm command of the Human Resources methods. Changes in people attitudes and skills may involve training and development to provide new and current employees with the skills they need to carry out their jobs. Human Resource organizational development interventions can modify employees’ attitudes, values and behavior. Organizational renewal today often entails embracing or modifying technology. For some firms it may mean transferring a host of activities to the internet. For other firms, it means re-engineering work processes, or automating production processes

2.9 Challenges Experienced in Organizational Change

Organizations that undergo changes encounter various challenges in the planning, implementing and management of organizational change. A proper planning and execution process is necessary for effective change to avoid risk of failure.
2.9.1 Obstacles to organizational change

Some of the greatest change management obstacles are include, employee and staff resistance for fear of the unknown, middle management resistance due to perceived loss of power and or limited involvement in the change process, poor executive sponsorship when the executive sponsor either does not play a key and visible role in supporting the change effort, or shifted their support too soon after the process of change, limited time budget and resources and corporate inertia and politics where the organizational culture pushes back the change initiative. The embedded culture can become an obstacle particularly where there are too many long tenured employees, (Boomer, 2007).

2.9.2 Resistance to change

Ansoff and MacDonell (1990) identified two types of resistance to change namely, behavioral resistance and systemic resistance. The two types of resistance occur concurrently during a change process and they produce similar effects which include delays, unanticipated costs, and chronic mal-performance of new strategies. However, the basic causes are different. Behavioral resistance comes as a result of active opposition to change by employees, while on the other hand; systemic resistance is normally due to passive incompetence of the organization.

Many years ago, Machiavelli in his book The Prince, stated: “There is nothing more difficult to take in hand, more perilous to conduct, more uncertain of success than to take a lead in introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under new”, (Ansoff and MacDonell, 1990).

They define resistance as “a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change.” Behavioral resistance is a natural reaction by groups and individuals to change which threatens their cultural and position of power. The writers contend that, resistance to change is proportional to the size of the discontinuities introduced into the culture and power and inversely proportional to the speed of introduction. In managing resistance, a useful approach is to start by building a launching platform. This involves a strategic diagnosis, a behavioral
diagnosis, eliminating unnecessary resistance, forming pro-change power base, and designing resistance reducing features into the plan for the change.

They further added that once the change is launched, the residual resistance should be anticipated and necessary power applied to overcome it. Whenever the change in strategy is completed before the changes in capability, capability building should be continued until the change is institutionalized. Kotter and Leonard (1979) indicate that reorganization is usually feared, because it is a disturbance to the status quo, a threat to the people’s vested interests in their jobs and an upset to the normal way of doing things. Therefore, organizational change is often characterized by delays and cost overruns resulting in loss in efficiency and effectiveness. Employees may be worried about the consequences of change, such as how the new conditions will take away their power and status. Some are concerned about the process of change itself, such as the effort required to break old habits and learn new skills.

Pringle, et al (2006) observe that, although each Company’s circumstances account for some of the problems, widespread problems have one common root, Managers and subordinates view change differently. Both groups know that vision and leadership drive successful change, but few leaders recognize ways in which individuals commit to change to bring it about. From the top Management, change is an opportunity to strengthen business by aligning operations to strategy, new professional challenges and risks and advance career. On the other hand, employees including middle management view change as unwelcome, disruptive, and intrusive. It upsets balance. Top management often underestimates this gap on relationship with the employees and the effort required winning support for change. In order to close the gap, the top managers need to see change from the perspective of the employees. Unless top managers define new terms and persuade employees to accept them, it is unrealistic for such managers to expect employees to fully buy into changes that disturb status quo. A Chief Executive Officer may understand the problems, articulate plans, undertake initiatives associated with change leadership. Yet change initiative may fail if widespread employee support is not achieved.
Problems set in when managers and subordinates fail to understand how change is essential to turning the Company around would require them to take a fundamentally different view of their obligations. Employees who for so long are used to a certain culture will favour maintaining the status quo, so resistance to change would be embedded in the culture, (Pringle, et al., 2006).

Ansoff and MacDonell (1990) underscore that systemic resistance to change occurs when operating and strategic activities within the firm compete for organizational capacity. Unless special provisions are made, operating work tends to pre-empt the strategic work. Systemic resistance also occurs when organizational competence is unsuited for supporting the strategic aggressiveness of the firm. Systemic resistance is proportional to level of mismatch between the available and the required strategic capacity and to the mismatch between the aggressiveness of the new strategic behavior and the existing systemic competence. Systemic resistance will be inversely proportional to the speed with which change is introduced.

They further argued that the third source of both systemic resistance and behavioral resistance is the sequencing of the steps during a change. When the sequence; strategy systemic competence behavior modification, the resistance will be maximal. However, when the sequence is reversed, resistance is minimized.

In most cases the launching platform will reduce but not eliminate resistance. A combination of systemic and behavioral resistance will persist throughout the change process. Therefore, sufficient power should be mustered to assure successful implementation of change. The duration of the change should be marched to the available time, adequate capacity should be provided and provisions made for training managers in strategic analysis. Graham (2007) contends that, there is another puzzling type of resistance. An employee could have skills and the smarts to make a change with ease, has shown a deep commitment to the Company genuinely supports the change and yet, inexplicably, does nothing. They have concluded from their research and analysis that, resistance to change does not reflect opposition, nor is it merely a result of inertia. Instead, even as they hold a sincere commitment to change, many people are unwittingly
applying productive energy towards hidden competing commitment. The resulting
dynamic equilibrium stalls the effort in what looks like resistance but is in fact a kind of
personal immunity to change. Competing commitments cause valued employees to
behave in ways that seem inexplicable and irremediable, and this is enormously
frustrating to managers.

2.10 Organizational Change management

Studies have shown that two thirds of transformation initiatives fail. to Sirkin., et al
(2005) states that change Management is a set of ideas, strategies and skills that can be
applied to engage change effectively, during planning, implementation and supporting
continuous improvement following change.

The key benefits of change management include; helping one to recognize the power of
human dynamics in a change process, acting as a map for guiding action and helping stay
on course rather than getting caught up in the complexity and tumult of change and
thirdly, it can help you develop a relationship you need to maximize effectiveness of a
change effort.

According to Nyambok (2005), “Organizational change management is a careful
planning, organization and execution of an alteration from the norm to the unknown
which will require thinking and doing things differently. The entire process has to involve
people from the beginning to the end by making the stakeholders buy into the change
process and own the process itself. Change must be managed because it is disruptive and
alters the equilibrium of operations. It results in a paradigm shift and causes variations in
the status quo”. It is vital to carefully manage change for the good of the people affected
and the organization. Good change management yields good results.

The pace of change is ever increasing-particularly with the advent of the internet and the
rapid deployment of new technologies, new ways of doing business and new ways of
conducting one’s life. Organizational change management seeks to understand the
sentiments of the target population and work with them to promote efficient delivery of
the change and enthusiastic support for its results.
Change can be looked at in two levels; the first level is generic enough to apply to any type of change. It is mostly targeted at understanding the human response to change and creating effective strategies for engaging people to achieve change. The second level of change management includes strategies that are specific to a particular type of change, (Nyambok, 2005). There are two related aspects of organizational change that are often confused. Organizational change management is concerned with the hearts and minds of participants and target population to bring about changed behavior and culture. The key skills required are founded in business psychology and require “people” people. The other aspect of organizational change is the organizational design where roles, skills, job descriptions and structure of workforce may be designed. Typically, this is more analytical and directive activity, suited to tough skinned Human Resources professionals. Organizational change management issues are often underestimated or ignored altogether. People issues collectively account for majority of change effort failures (Nyambok, 2005).

Johnson and Scholes (2002) argue that that there is an assumption in most of what is written about strategic change that there will be a tendency towards inertia and resistance to change; people tend to hold on existing ways of doing things and existing beliefs about what makes sense. Managing strategic change must therefore address the powerful influence of paradigm and cultural web on the strategy being followed by the organization.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter discusses the methodology that was used in gathering and analyzing the data and reporting the results. Here the researcher aimed at explaining the methods and tools used to collect and analyze data to get proper and maximum information related to the subject under study.

3.2 Research Design
The proposed research design was a case study. It aimed at getting detailed information regarding the strategic change management practices adopted by Insurance Regulatory Authority and to determine the effectiveness of strategic change management practices. A case study was ideal as it allowed the investigation to retain the holistic and meaningful characteristics of real life events. The method was a study in depth rather than breadth.

3.3 Data Collection
To determine the strategic change management practices adopted by Insurance Regulatory Authority and the effectiveness of strategic change management practices, senior managers and divisional heads of the Authority were interviewed using an interview guide with open ended questions to collect primary data. The interviewees were the heads of Technical, Policy, Research and Development, Finance, Human Capital and Administration, Legal Affairs, ICT and Corporate Communication division. A secondary data source was employed through the use of previous documents relating to the Authority’s strategic activities to supplement the primary data received from the interviews.

3.4 Data Analysis
This being a qualitative study a content analysis was employed. This type of analysis was suitable in that it did not limit the respondents on answers and had potential for generating more information with more details. Analysis of primary data collected from the interviews and secondary sources was guided by variables such as forces of change, approach to change management and achievements of the change programmes.
The content was thematically compared to determine the respondents views about the strategic change management practices adopted by Insurance Regulatory Authority and to determine the effectiveness of strategic change management practices.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents the data analysis and interpretation of the study. The primary data was collected through interviews of the senior managers and divisional heads of the Authority. Data analysis was done through content analysis to establish strategic change management practices in the Insurance Regulatory Authority and determine the effectiveness of strategic change management practices.

4.2 General Information
The study found that interviewees held various job titles which included head of Technical, Policy, Research and Development, Finance, Human Capital Development and Administration, Legal Affairs, ICT and Corporate Communication. The study also revealed that the interviewees were aged between 35 years to 53 years. This shows that interviewees were well distributed in terms of their age. The study further revealed that interviewees had served in the Insurance Regulatory Authority for over four years since it was established in year 2007.

4.3 Change Management Practices within the Insurance Regulatory Authority
The Insurance Regulatory Authority has been undergoing a number of changes which have been necessitated by several factors which include the organizational change from a government body to an autonomous body. The main objective of the change was to enhance the regulation, supervision and development of the insurance industry. The Authority used change agents to communicate and train the stakeholders to ensure acceptability of the change. The changes affected the employees of the Authority and other stakeholders and had positive and negative impacts on the organization.

4.3.1 Change Programmes the Organisation has been Undertaking
The study sought to establish whether changes that had taken place in the Insurance Regulatory Authority. The interviewees indicated that they were aware of the change programs that their organization had been undertaking. These included the restructuring of the Authority, various amendments to the Insurance Act, Enhanced collaboration with insurance regulators within the East African region, local financial regulators and
industry associations, product innovation through research and development and public education and awareness to increase insurance penetration in the country. Other change programs included development of efficient and effective internal system and ICT capacity to improve and create efficiency in work processes, development of human capital through training to equip employees with the necessary skills required to meet their performance targets which are aligned to the performance contract the Authority signs with the government and the change of the working environment from closed door offices to open plan.

4.3.2 Change management practices in the organization

The interviewees were requested to indicate their views on change management practices in their organization. The findings of the study indicated that their views on the change management practices were that they were stressful, long drawn and full of anxiety to the employees who were undergoing change for the first time.

4.3.3 Factors that necessitated the Change in the Organization

There were factors that necessitated the change in the organization. The findings of the study established that the main factors included the organizational change from a government to an autonomous body, the appointment of a Board of Directors to whom the managers are accountable in regard to matters relating to the Authority, modern regulatory and supervisory practices necessitating the need for staff to be trained and the accountability of the organizations finances obtained through premium levies imposed on industry players. Other factors include the need for the development of new competences in the insurance sector with the support of the Authority and changes in the organizations operating environment brought about by stakeholders expectations and demands.

4.3.4 Objectives of the Change Management

The study sought to establish the objectives that the change management was meant to achieve. The interviewees indicated that the objectives were to enhance regulatory and supervisory framework, increase insurance penetration in the country, increase the innovation of new insurance products through research and development, improve stability of the insurance industry, harmonize insurance regulation with regional and
international regulators, enhance the regulation and supervision of the insurance industry, promote adherence to corporate governance principles by members of the insurance industry and improve the morale and productivity of the employees.

4.3.5 Organization sparing time to anticipate the changes it was to undergo

The interviewees were requested whether their organization spared time to anticipate the changes it was to undergo. From the findings it was revealed that Insurance Regulatory Authority spared time to anticipate the changes it was to undergo by creating awareness of the change to the employees and other stakeholders through trainings and workshops. The organization selected employees to visit other regulators who had undergone similar to learn what the changes required.

4.3.6 Organization Using Change Agents

The study found that Insurance Regulatory Authority used change agents and further revealed that the change agents were consultants and senior employees attached to different divisions. They were used by the Authority to ensure that employees received all the communication concerning the changes and involved them in the changes to ensure commitment to the change and avoid or minimize resistance to the change.

4.3.7 Organization considering in advance the focus of the change

The interviewees stated that their organization considered in advance what the focus of the change was. The study established that the focus of the change was the Authority having clear priorities in order for the change to be manageable, defining the focal points of the change and what it entails, educating and creating awareness to employees and stakeholders to have them commit to the change.

4.3.8 Organization considering aligning the changes to the organization’s culture, situations, visions and goals

It was established that Insurance Regulatory Authority did not fully consider aligning the changes in the organization’s culture and situations as it introduced some cultures and situations from other financial regulators in the country which were adapted during the change. This reduced the acceptability of the change by employees. The authority
however considered aligning the changes in the organization’s visions and goals through having changes that were directed to achieving organization’s vision and goals thereby reducing resistance by employees.

4.3.9 Organization considering acceptability of the change and possible resistance to the change

On whether Insurance Regulatory Authority considered the acceptability of the change and possible resistance to the change, the interviewees indicated that Insurance Regulatory Authority considered the acceptability of the change but not the possible resistance to the change. The acceptability of the change was ensured through having various agents of changes to educate and communicate changes to the employees. Employees were involved in designing changes in the organization, fitting change process in the organization vision and goals and ensuring that norms and shared values within the Authority were included in the deliberations regarding the selection of a change program. The possible resistance to change was not considered by the Authority who assumed the changes were positive and would be accepted by the employees. The employees remuneration and benefits were increased as part of the change and it was assumed there would be no resistance to any other changes. Other factors that would cause employees resistance to change were not considered.

4.3.10 Organization ensuring acceptability among the various stakeholders and minimize possible resistance

The study also found that Insurance Regulatory Authority used the following to ensure acceptability among the various stakeholders and minimize possible resistance. Education and communication was used by management and change agents to explain the reasons for change and to win the support of the employees and other stakeholders. Collaboration and participation was also used to ensure increased ownership of decisions made and commitment to the change process. The Authority involved various stakeholders in identifying strategic issues, setting the strategic agenda, strategic decision-making and planning of the strategic change.
4.3.11 Organization ensuring for momentum by using change agents

On whether Insurance Regulatory Authority ensured momentum for change by using change agents, the interviewees indicated that the Insurance Regulatory Authority ensured momentum for change by using change agents. This was through having the right people to design the changes in the organization, having the right people to implement and drive the change from start to finish, addressing issues of organization energy, having sufficient urgency during the beginning phases of change management, having change agents deal with a work environment filled with expectation and anxiety during transition period to secure a change effort, consultations during the change, refocusing on the change and integrating the result of the change into existing organization structures and systems to safeguard the long-term impact of a change in the organization.

4.3.12 Change programme initiated, continued and integrated into the existing Organisation structure

The interviewees were also requested to indicate whether as the change programmes were initiated and continued, the changes were integrated into the existing Organization structures. From the results of the study it was revealed that as the change programmes in the Insurance Regulatory Authority were initiated and continued these changes were not integrated into the existing Insurance Regulatory Authority structures. The old structure was not adequate to accommodate the change programmes. The Authority had to change the organizational structure.

4.3.13 Change management implementation team in the Organization

The study found that an employee who heads a divisions was part of the change management implementation team in the Insurance Regulatory Authority.

4.3.14 Necessary to delegate certain aspects of the change management

The interviewees were requested to indicate whether it was necessary to delegate certain aspects of the change management in the Insurance Regulatory Authority. The study found that the management delegated certain elements of the change process to the employees to involve them in the changes and to get them to own the process of change.
The elements delegated were idea generation, data collection, detailed planning, development of rationale for change to project teams and taskforces which not only helped in idea generation but also in the implementation of solutions.

**4.3.15 Change Communicated to the Staff and Other Stakeholders**

The interviewees were requested to indicate how change was communicated to the staff and other stakeholders. From the findings the study found that change was communicated to the staff of Insurance Regulatory Authority through meetings both formal and informal, workshops, training sessions, memos and team buildings.

**4.3.16 Changes in the organization affecting various stake holders**

On whether the changes in the organization affected the various stake holders, the study revealed there was re organization of staff and some of the roles of employees changed due to the change in the organizational structure. Employees got higher remuneration and benefits. There was increased collaboration and interactions with various stakeholders locally and with international regulators, improvement in the supervision and regulation of the insurance industry, enhanced customer care, training of employees and industry players on emerging issues, reduced bureaucracy in the operations within the Authority enhancing efficiency. Efficiency in the utilization of resources hence the lowering of the insurance premium levy for the industry players.

**4.3.16 Change management practices having positive or negative impact on the organization**

The study sought to establish whether change management practices have had a positive or negative impact on the organization. The interviewees informed that the change management practices have had a positive impact as well as a negative impact on the Insurance Regulatory Authority. The positive impact was through improved work procedures within the Authority making the delivery of services more efficient, increased public education on insurance and creation of awareness of the Authority’s existence, development of prudential guidelines for the industry players making supervision and regulation easier, sharing of information with international regulators and local financial regulators, increased work morale for the employees who are motivated
and well trained and high rating during performance evaluation of state corporations. The negative impact of the change management was that the team spirit of the employees died and the Authority which was now a legal entity can be directly sued.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The researcher had intended to determine the strategic change management practices adopted by the Insurance Regulatory Authority and to determine the effectiveness of strategic change management practices at the Insurance Regulatory Authority.

5.2 Summary

The study revealed that the changes programmes that had taken place in the Insurance Regulatory Authority were the establishment of the Authority, organizational restructuring and enhancement of human capital, various amendments to the insurance act, Enhanced collaboration with other financial regulators and industry associations, intervention in management of ailing companies to ensure continuity, development of the insurance industry to increase the penetration of insurance, Performance target setting for the employees. The strategic change management practices in insurance regulatory Authority was very stressful, long drawn and full of anxiety to the employees who had never undergoing change for the first time.

The main factors that necessitated change management in the Insurance Regulatory Authority were the establishment of the Authority, need to adapt to changes in the environment, benchmark and collaborate with other regulators, enhance market penetration of insurance products, accountability of the organizations finances, development of new competences in the insurance sector, need to enhance the efficiency of the organization and increase employee job satisfaction.

The objectives that change management was meant to achieve was to enhance regulatory and supervisory framework, increase insurance penetration, create public awareness and education, product innovation through research and development, enhance international alliances with other regulators, enhance surveillance and supervision, enhance adherence
to corporate governance principles in the insurance industry and to develop good corporate culture and capacity in ICT.

The Insurance Regulatory Authority spared time to anticipate the changes it was to undergo and prepared employees and other stakeholders on the change. Change agents who were consultants and senior employees were used. It was their responsibility to communicate the changes to employees and other stakeholders.

The Authority considered in advance the focus of the changes which was to have clear priorities, defining the focal points of the change and what it entails, educating and creating awareness to employees and stakeholders to have them commit to the change. The Insurance Regulatory Authority did not fully consider aligning the changes in the organization’s culture and situations. It aligned the changes in the organization’s visions and goals. The Authority also considered the acceptability of the change but did not anticipate the possible resistance to the change. To ensure acceptability among the various stakeholders and minimize possible resistance to change was communicated to the staff of Insurance Regulatory Authority through meetings both formal and informal, workshops, training sessions, memos and team buildings.

Insurance Regulatory Authority ensured momentum for change by using change agents, during and after the transition period to secure a change effort in a work environment filled with expectation and anxiety. As the change programmes were initiated and continued these changes were not integrated into the existing Insurance Regulatory Authority structures. A new structure was put in place.

The interviewees who were senior managers were all part of the change management implementation team in the Insurance Regulatory Authority. They delegated certain elements of the change process to the employees to involve them in the process of the change. The changes provided for higher remuneration for the employees and with their roles and responsibility also increasing. There was increased collaborations with various stakeholders and facilitation of training on emerging issues. Improvement in the supervision and regulation of the insurance industry, enhanced customer care and less
bureaucracy in the processes within the Authority. Efficiency in the utilization of resources lead to the reduction of insurance premium levy payable by industry players.

The change management practices have had a positive impact as well as a negative impact on the Insurance Regulatory Authority. The interviewees all expressed their views that the positive impact far outweighed the negative impact and that the change management practices were therefore effective.

5.3 Conclusion

Strategic change management practices adopted by the Insurance Regulatory Authority are diverse; they include organizational restructuring and enhancement of human capital, various amendments to the insurance act, enhanced collaboration with international regulators and industry associations, development of efficient and effective internal system, enhanced public education and awareness, improved training and working environment for the employees.

The effectiveness of strategic change management practices at the Authority has been enhanced through organizational change from a government department to an autonomous body. Enhanced Collaboration with industry associations, various amendments to the insurance act which has enhanced the effective administration, regulation, supervision and control of insurance and reinsurance business. Increased level of awareness of the Authority, Effectively regulation and supervision by staff who have acquired the right skills through the training. Adherence to good corporate governance practices by trained Directors of insurance companies who have been trained on the principles.

5.4 Recommendations

The study recommends that there is need for change management to be effectively communicated to all employees in the organization to reduce resistance to change. The study further recommends that there is need to align the changes to the organization’s culture, situations, visions and goals, as this will help in enhancing acceptability of the change by employees. The Authority should design change strategies that are in line with organization culture to reduce resistance by employees.
From the findings and conclusion, the study recommends that other organizations should adopt change management practices to improve their performance, enhance greater accountability and efficient usage of funds and enhance efficiency in management. To increase commitment to the change it should be crucial to involve those who would be affected by the change. This aids to reduce many challenges when implementing change management practices.

5.5 Limitation of the Study

The research design used is a case study whereby the descriptive information provided by different people leaves room for important detail to be left out. The Managers of the Authority were not readily to be interviewed. The collection of data therefore took longer than anticipated. The study was also limited to insurance regulatory authority as it sought to determine the strategic change management practices adopted by the Insurance Regulatory Authority and to determine the effectiveness of strategic change management practices at the Insurance Regulatory Authority.

5.6 Implication on Policy, Theory And Practice

The study will be of great importance to policy makers in the Insurance Regulatory Authority as they will put in place strategies in response to challenges encountered in the adoption of strategic change management practice in the organization. It will also enable them to put in place measures to deal with resistance to change to ensure that employees embrace change and management is able to counter resistance to change.

The policy makers will use the findings of this study in designing appropriate change management policies that will help the Insurance Regulatory Authority to improve its performance in response to demand by various insurance companies and other stakeholders as they continue supervising, regulating and developing the insurance industry, offering high quality services and customer care.

The findings of this study will be of great importance to the policy makers in structuring the organization appropriate to the strategic changes to enhance institutional strengthening and remain aligned with the government strategies as outlined in the vision 2030.
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APPENDICES

Appendix 1: Interview Guide

General Information
1. Name of Employee
2. Job Title
3. Division
4. Gender
5. Age
6. How long have you served in the organization?

PART II: CHANGE MANAGEMENT PRACTICES

1. Are you aware of the change programmes the organisation has been undertaking?
2. What is your view on change management practices in your organization?
3. What were the main factors that necessitated change management in your organization?
4. What were the objectives of the change management meant to achieve?
5. Did the organization spare time to anticipate the changes it was to undergo?
6. Did organization use change agents? Which change agents did your organization use? And how did your organization use them?
7. Did your organization consider in advance what the focus of the change was? (Yes/No) what was the focus of the changes?
8. Did your organization consider aligning the changes to the organization’s culture, situations, visions and goals?
9. Did your organization consider the acceptability of the change and possible resistance to the change?
10. What did the organization do to ensure acceptability among the various stakeholders and minimize possible resistance?
11. Did your organization ensure for momentum by using change agents?

12. As the change programme were initiated and continued, were the changes integrated into the existing Organisation structures?

13. Were you part of the change management implementation team in the organization?

14. Was it necessary to delegate certain aspects of the change management?

15. How was the change communicated to the staff and other stakeholders?

16. How did the changes in the organization affect the various stakeholders?

17. In your view do you think the changes management practices have had a positive or negative impact on the organization? Explain.

THANK YOU FOR YOUR TIME