

**STRATEGIC CHANGE AS A CATALYST FOR ORGANIZATIONAL
SUCCESS AT KARIRANA ESTATES LIMITED, KENYA**

BY

DANIEL K. MUREITHI

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DECLARATION

This research project is my original work and has not been presented for examination in this or any other university.

Signature:

Date:

Daniel K Mureithi

D61/79320/2012

The research project has been submitted for examination with my approval as the university of Nairobi supervisor.

Signature

Date

SUPERVISOR

Dr. Kiti Regina Kitiabi, PhD

Department of Business Administration, School of Business

University of Nairobi

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DEDICATION

This project is dedicated to my mum and dad Mr and Mrs Robert Muriithi for the sacrifices they have made over time to see me get this far. I am greatly indebted to them.

ABSTRACT

To remain competitive, organizations must be able to respond to change at all times. There is a great need for all organisations to change in order to adjust to the changing internal and external environment. This means that the attitudes of the organisation members and the organisation itself have to change along with the structural changes and this does involve expertise from the behavioral sciences. This study was motivated by the need to assess the relationship between strategic change and the success of an organisation. To achieve this objective, the study collected data from the management staff of Karirana Estates Limited through interviews. The data collected was analyzed using content analysis and presented as descriptive notes. The department included Finance and IT, Factory, Human Resources and Sales and Marketing. The general Manager was interviewed as well. Karirana Estates Limited, having been existence for over fifty years, has undergone through many transformations. The source of these alterations has been both internal and external and has successfully maintained its brand name, both locally and internationally by effectively meeting the demand of their many stakeholders. To determine the success of organisations, one need to pay attention to the four essential measures i.e. Financial, Customer satisfaction, Employee satisfaction, Contribution to society and an auxiliary measure, key operational results. Aggressive pursuit of a creative adaptable strategy, propels a firm into a leadership position, paving way for its goods and services to become the industry standard. The study recommends that organizations should focus on taking the right measure in strategic change in an organization so as to attain organizational success through increasing firm customer base, asset quality, quality of service, increase in production and increased market share. This was as explicitly explained by Karirana Estates Limited management taking appropriate measure at the right time where strategies seems to fail in achieving set goals, energies and abilities to explicitly enhance strategies that propel organizational success performance. The study concludes that there is a myriad benefit for an organisation in adapting to strategic changes that befall it in order to continue commanding its competitive place in its industry. Otherwise there is an eminent danger of being wiped out of business by those that gladly and effectively adapt to change. Understanding how Karirana Estates Limited adjusts to strategic change and its relationship to their success will provide an incentive to further study the tea industry which has been a mystery to many people for a long time. This study will ultimately provide a blue print in understanding, management, and control by all stakeholders of the tea industry in Kenya.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

It could be said that one of the most challenging aspects of modern society is the understanding and management of change. Over the past three decades, global change trends such as technological advances and globalization have influenced the way modern societies operate. In addition to these global trends, regional trends are also shaping the behavior of states and societies and organisations alike. In modern society, the formal organization became the tool of social action. Hence societal change is interrelated to organizational change as well. A number of models have been built in the past and are mainly focused on the everyday concerns of individuals and organizations operating in relatively stable social, political and economic systems. To these models, history has added one more factor: the sudden transition from one political, social and economic regime to another. Sometimes, however, these sudden transitions are the result of, or are followed by armed conflicts, so that the radical nature of transitions is further exacerbated.

Kurt Lewin is recognized as the "founder of social psychology", which highlights his interest in the human aspect of change. His interest in groups led to research focusing on factors that influence people to change, and the three stages needed to make change successful i.e. Unfreeze, Change, Freeze. This three stage theory of change is commonly referred to as **Unfreeze**, Change, Freeze (or Refreeze). John Kotter on the other hand, a retired Harvard Business School professor published in 1995, the article 'Why

Transformation Efforts Fail'. The change management article outlines eight critical success factors from establishing a sense of extraordinary urgency, to creating short-term wins, to changing the culture ("the way we do things around here"). Kotter say's "Leaders who successfully transform businesses do eight things right (and they do them in the right order)." (Concepts and introduction of theories explained in chapter two).

The need to change is not only a good but of paramount importance for every organisation that seeks to outdo its rivals or continue to operate profitably in the long run. This study will involve an investigation of the factors that have led to the establishment of Karirana Tea Estate as an icon of organisation success. Having been in existence for over five decades, it begs some attention for researchers to seek an examination of the factors that have contributed to its ability to overcome that great test of time. Change management has played a focal part in this deep history considering the many tides that Karirana has had to overcome over time. These include economic, technological, legal-political, as well as globalization that it has had to face especially based on its agricultural sector positioning.

1.1.1 Strategic Change

Change is viewed as an ever-present feature of organizational life; both at an operational and strategic level (Burnes, 2004). Change represents an intentional attempt to improve in some important way, the operational effectiveness of the organization. It is the process of getting individuals, teams and organizations to function better (Mullins and Riseborough, 1999). Strategic change can be defined as a difference in the form, quality, or state over time (van de ven and Poole, 1995) in an organization. Strategic

change management aligns structures, systems, processes and behavior to the new strategy, (Ansoff and McDonnell,1990).Lamb (1984) views strategic change management as a process that assess the business and the industries in which the company is involved: assess its competitors and self-goals and strategies to meet all existing and potential competitors. Ansoff and McDonald (1990) views strategic change management as being a structured and a systematic approach towards achieving a sustainable change in human behavior within an organization. There is no one –way of managing change and as note by Johnson *et al* (2008) approach taken towards managing strategic change need to be context driven.

Managing strategic change is very important and the without competent management, the transformation process can get out of control. For most organizations, the much bigger challenge is leading change. Only leadership can blast through many sources of corporate inertia while motivating the actions needed to alter behavior in any significant way to get change to stick by anchoring it in the very culture of an organization (Kotter, 1996). Alignment with its external environment is defined as the “fundamental pattern of present and planned resource deployments and environmental interactions that indicate how the organization will achieve its objectives. Changes in this strategic alignment encompass a change in the content of a firms strategy as defined by its scope, resource deployments, competitive advantages and synergy (Hofer and Schendel,1978) and secondly changes in external environment of the organization brought about to initiate and implement changes in the content of strategy. The common aim of all these strategic change concepts is to supply managers with better recipes for how to deal best with impending changes and problems which arise. Whether it is re-

engineering, total quality management, restructuring or whatever other re- organization program, the aim is almost to initiate or promote the required change processes in the company (Pfeifer& Bisenius, 2002).

1.1.2 Organizational Success

Dockery (2012) inferred that that there are four essential key success measures and one auxiliary measure that are all of great value. The four essential key measures are financial, Customer satisfaction, Employee satisfaction, Contribution to society while the one auxiliary measure key operational results. Financial viability is important for organizational survival and growth. An organisation is said to be financially viable when it is has the ability to continue to achieve its operating objectives and fulfill its mission over the long term. A business entity should be having the ability to generate sufficient income to meet its operating expenses and financial obligations, as well as provide the potential for future growth. An entity's financial strength is vital and has been identified as the single most critical aspect for organisation success. No wonder every organisation seeks to outdo the competition based on the financial muscle.

Many companies make this the sole focus of their measurement efforts, relying primarily on budgets and sales forecasts. This approach typically results in an organization that is driven by its financial departments, and the important "people" outcomes that are essential to produce long term success. Customer satisfaction on the other hand is important because without happy customers the organization will fail. Employee satisfaction is also imperative because over the long term it is impossible to have an organization with unhappy employees that has happy customers. Contribution to society

(e.g. Environment, ethics, safety, social responsibility) is important because every organization needs more than a simple profit motive to attract and retain the best talent and to sustain itself over time. An organization in which greed is a core value will ultimately devour itself. Key operational results are not considered an essential key success measure on the order of the first four and therefore are viewed as serving an auxiliary function

1.1.3 Tea Industry in Kenya

The Tea Industry in Kenya operates under the auspices of the Ministry of Agriculture for technical and policy guidance. The industry is well structured right from the apex regulatory body, the Tea Board of Kenya, the Tea Research Foundation of Kenya, through to the producers, tea manufacturing factories, the trade and the blending and packing establishments. The Tea Board of Kenya (TBK), established in 1950 under the Tea Act (Cap 343) of the laws of Kenya is mandated to regulate the tea industry in all aspects of tea growing, research, manufacture, trade and promotion in both the local and the international markets. The Board also disseminates information relating to tea and advises the Government on all policy matters regarding the tea industry through the Ministry of Agriculture.

Other institutions in this industry include; Tea Research Foundation of Kenya (TRFK), with a mandate to carry out research on tea and advise growers on the control of pests and diseases, improvement of planting material, general husbandry, yields and quality. Kenya Tea Development Agency (KTDA) Ltd manages over 55 tea factories in the smallholder sub-sector serving over 500,000 growers. Kenya Tea Growers Association (KTGA), established by large-

scale tea producers promotes the common interests of the members in the cultivation and manufacture of tea and to promote good industrial relations and sound wage policies for the workers. East African Tea Trade Association (EATTA) brings together tea Producers, Brokers, Buyers and Packers and is the auspices under which the Mombasa Tea Auction is conducted

1.1.4 Karirana Estates Limited

Karirana Estates Limited was incorporated in 1956, when Mackenzie Dalgelty bought a number of farms to grow and manufacture high quality tea for export and appointed George Williamson Kenya Limited the managing agents. In 1986, First Chartered Securities Limited, a Kenyan investment holding company, acquired Mackenzie Kenya Ltd, and thereby gained ownership of Karirana. With this transition to local ownership, George Williamson ceased being the managing agents and Karirana became self-managed.

Over the years, Karirana has acquired a reputation of a global leader in production of quality tea, a reputation that has been developed through continuous improvement initiatives and a professional approach to management of the tea business. The production capacity has been expanded over the years from 15,000 kgs of green leaf per day at the setup of the factory to the current 100,000 kgs of green leaf per day. The annual capacity is about 4 million kgs of made tea. The company is structured into the following departments; Field, Extension Services, Factory, Finance, IT, Human Resources and Eden Tea.

1.1.5 Strategic Change as a catalyst for organisation success

Organisations are subject to laws, policies, cultures and economic dynamism. All these aspects clearly demonstrate the ever-changing environment that all open systems operate in. The word “catalyst” has therefore been used in the context of this research to connote a promoter. Karirana Estates Limited having been in existence for over five decades; its history is deep and is consistence with aspects of a successful firm.

Strategic change is largely regarded as a significant ingredient for organizational success and as such could therefore be likened to a catalyst; a promoter of organizational success. Without doubt the deep history of Karirana Estates Limited has a lot to exhibit regarding strategic change. The researcher will therefore seek to determine the role of strategic change to the success of Karirana Estates Limited.

1.2 Research Problem

Strategic change in organizations has been linked to the organization’s competitiveness and response to changes in the environment (Ansoff and McDonnell, 1990). Strategic change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond (Burnes 2000). Clearly if organizations are ever to experience success in what they do, managers need to have a better framework for thinking about strategic change for

improving organizational performance in terms of productivity, improved profitability, increase in market share, quality production of goods and services and increase in customer base.

The tea sector in Kenya; the locus of Karirana Estates Limited is of paramount importance since it contributes significantly in the country's economic development through foreign exchange gains, and creation of employment. However, considering the vast stakeholders of this sector, the players must have working strategies that guide their success and avoid not being wiped from business by the competition. Most of the tea produced in Kenya is exported to countries like Pakistan, United Kingdom, Egypt, Sudan, Afghanistan, United States of America, and Middle East. The Government of Kenya is a major player in this industry as well mainly through regulation. Karirana Estates Limited is therefore a success story that begs attention to demystify what makes it tick in this ever changing environment. Without a doubt, strategy has played a substantial role in the company's long but awesome history of majorly, success!

Karirana Estates Limited is located on the highlands east of the Great Rift Valley and its main activity is production and sale of tea and tea products both locally and exportation. Although the company has been in existence for over forty years, recently it has gained greater publicity, thanks to advertising media since they established a dedicated line of a unique product called EDEN TEA. This product is mainly found in the major retail stores making it an every household brand. This product innovation was timely and has been a success story for the company. In the year 2000, Karirana Tea Management Services (KTMS) Limited, which is a subsidiary of Karirana Estates Limited, was incorporated

and managed at the head office; Karirana Tea Estates. Its mandate is provide professional management services for both tea farms and factories within the greater East African region. KTMS helps farmers to optimize crop production and run their factories in an efficient and professional manner to enhance returns.

Mintzberg and Quinn (1991) notes that the causes of strategic change may vary from an ignored steady decline in performance which ultimately demands a “turnaround” to sudden radical shift in a base technology that requires reconceptualization of everything the organization does. Cummings and Worley (2005) recognize that organizations exist as open systems and that is why they are always in continuous interaction with the environment in which they operate. Thus the general aim of organizational change is adaptation to the environment or an improvement in performance (Piderit, 2000). That said therefore, many organizations are occasionally faced with challenges that force them to adjust or change (Burnes, 2004). Karirana Estates limited not being an exceptional, embarked on new corporate visions and missions, the introduction of new technology and leadership in response to changes in the environment.

A number of studies have been done touching on management of strategic change. Nyororo (2006) studied Strategic change management and performance of national social security fund (NSSF). Gathua (2006) strategic change management and impact on performance of Unga Group Ltd. Munguti (2009) focused on factors influencing change management practices at CFC –Stanbic bank. Muthoni (2012) studied managing change at National Bank of Kenya Ltd. Githumbi (2013) focused on strategic change management at the Kenya Citizens and Foreign Nationals management Service. Kamau

(2013) studied the relationship between strategic change and organizational performance of large printing firms in Nairobi Kenya. Wachira (2012) on the other hand studied change management practice at Kenya Tea Development Agency (KTDA).

These studies have been better expounded on in chapter two. However, it is evident that these they did not focus on significance of change management on the performance or success of tea manufacturing firms thus creating a knowledge gap. There is therefore a great need to formulate studies that provide an understanding of how change management can aid the success of organisations to bridge the study gap that exists. In view of the importance of strategic change management, this study seeks to fill the existing knowledge gap by determining relationship between strategic change management and organizational success. The study seeks to answer the question; what is the relationship between strategic change and organizational success?

1.3 Research Objective

The objective of this study was to establish the relationship between strategic change and organizational success at Karirana Estates Limited.

1.4 Value of the study

This study will provide a blue print, which in turn provides valuable information on the strategic changes adopted by the tea manufacturing firms. Understanding how Karirana Estates Limited adjusts to strategic change and its relationship to their success will provide an incentive to further study the tea industry which has been a mystery to many people for a long time.

The study will be of benefit to various stakeholders of Karirana Estates who comprise of the management, employees, government, local community organizations, customers, employees, competitors, suppliers and consumer advocates. The groups will get to understand the advantages and disadvantages of stakeholders' involvement in strategic change at Karirana Estates Limited and will have an insight to change management processes in the tea industry. Through this study Karirana Estates will be able to adopt the necessary strategic change and thus remain relevant and competitive in the market. The study will assist and guide the present and future government to determine strategic policies to be adopted in tea production especially in the state owned Nyayo Tea Zone.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section reviews past studies regarding strategic change and how it influences organizational success. Past literature in the area of strategic change has been presented lighting the importance of adopting and maintaining appropriate strategic change in an organization.

2.2 Theoretical foundation

Every organisation aims to be or sustain success in what they do. In so doing change remains the only constant. It has been generally agreed that change is inevitable and a constant feature in an organization's life (Causon, 2004; Staniforth, 1996), and that change is all about learning (Beer, et al.1990). The idea of planned interventions to bring about changes in individual behaviours, team and organizational performance was popularized by Kurt Lewin, Rensis Likert and other US-based figures in the organizational development movement of the 1950s to the 1970s (Waddell, 2000). In the 1980s and 1990s the dominant approaches to planned change were premised on the assumption that structures, processes, technology and human skills, capabilities and knowledge can be reconfigured to support or optimize the achievement of identified strategic goals. These included total quality management (TQM); Business Process Re-engineering (BPR) and various forms of strategic Information Technology (IT) interventions including Enterprise Resource Planning (ERP) and e-commerce; systems (Burnes, 1996).

Lewin (1951) developed the three - step model, which states that successful change in organizations should follow the steps of freezing the status quo, movement to a new state and refreezing the new change to make it permanent. The status quo can be considered to be an equilibrium state. To move from this equilibrium, there is need to overcome the pressure of both individual resistance and group conformity - unfreezing is necessary. It can be achieved in one of three ways where the driving forces, which direct behavior away from the status quo can be increased, the restraining forces, which hinder movement from existing equilibrium can be decreased or a combination of first two approaches (Robbins, 2003).

However, Huczynski and Buchanan (2003) state that refreezing no longer seems to be an option given constant transformation which is now the norm. Permanent thaw is perhaps a more appropriate metaphor. Many organizations now face a 'high velocity' environment. They continue to say that turbulent and rapidly changing external conditions are translated into a complex, multi-faceted, fluid and interlinked streams of initiatives affecting work and organization design, resource allocation, and system procedures in continuous attempts to improve performance. The environment for most organizations is likely to remain volatile, or become even more turbulent. Current trends do not lead to predictions of continuity and stability in the near future.

Kotter (1996) on the other hand came up with the eight-stage change process whose initial step is establishing a sense of urgency crucial in gaining needed cooperation. This is because when urgency is low, it's difficult to put together a group with enough power and credibility to guide the effort or to convince key individuals to spend the time necessary to create and communicate a change vision. The second step is creating the

guiding coalition since a strong guiding coalition is always needed. The coalition must have the right composition, level of trust and shared objective. Building such a team is always an essential part of the early stages of any effort to restructure, reengineer, or retool a set of strategies. Four key characteristics seem to be essential to effective guiding coalitions these are position power, expertise, credibility and leadership.

The third step is developing a vision and strategy. Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future. In a change process, a good vision serves in clarifying the general direction for change, it motivates people to take action in the right direction and it helps coordinate the actions of different people. A strategy provides both logic and a first level of detail to show how a vision can be accomplished (Huczynski and Buchanan2003).

The fourth step is communicating the change vision since the real power of a vision is unleashed only when most of those involved in an enterprise or activity have a common understanding of its goals and direction. That shared sense of a desirable future can help motivate and co-ordinate the kind of actions that create transformations. The fifth step is empowering broad-based action to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible at this point in the process. The biggest obstacles that often need to be addressed are structures, skills, systems and supervisors.

Generating short term wins is the sixth step, this is necessary as major change usually take a lot of time. There is need to have convincing evidence that all the effort is paying off especially to non-believers who require even higher standards of proof. They want to

see clear data indicating that the changes are working and that the change process isn't absorbing so many resources in the short term as to endanger the organization. Running a transformation effort without serious attention to short-term wins is extremely risky. Seventh step is consolidating gains and producing more change since the first major performance improvement will probably come well before the halfway point, the guiding coalition should use the credibility afforded by the short term win to push forward faster, tackling even more or bigger projects (Burnes, 2009).

The researcher finds the theories advanced by Lewin and Kotter to be best fitting in the endeavor to find out the relationship between strategic change management and success of organisations. Karirana Estates limited has had to endure a lot of change management at least to remain relevant, surviving the many tidings of global, as well as domestic economic, technological, social, political environment. Tea; Karirana's main output is mainly for exportation. With advent of multinationals, Kenya Tea Development Agency, Nyayo Tea Zones, among many other manufacturers and exporters of tea, Karirana knows too well that change is the only permanent thing for them. This coupled with the world economy dynamism means that there is a unique formula for an organisation to remain competitive close to six decades. It is this uniqueness that compels the researcher to seek how, based on Lewin's and Kotter's theory Karirana continuous to successfully command its place in such a volatile environment.

2.3 Drivers of strategic change

There seems to be two types of change projects: those focusing on changing the business and those changing business practices. Strategic level changes are required, when companies have to react to new competitive situations, or when taking the initiative to

reposition the competitive edge of a firm. Correspondingly, the drivers of strategic change are various; they include external changes uncontrollable and unpredictable to the industry. Some of the drivers call for radical changes, sometimes a more evolutionary approach is preferable (Jarrenpaa and Stoddard, 1998). The key drivers for changing business processes are often due to internal inefficiency in a company's operations observed, like high cost or low quality.

Throughout their existence organizations encounter many forces/drivers of change. The origin of these forces may be internal or external to the organization. Weick (2000) postulates that internal forces for change usually originate from inside the organization and may manifest themselves in signs such as low morale, low productivity, as well as organizational conflict. Basically internal forces for change can originate from problems related to human resource as well as managerial behaviour. Usually such problems would arise from the way an employee perceives his treatment at the workplace. Dissatisfaction among employees might be catalyst for change and must be addressed to avoid loss of productivity.

As Kottler (2008) 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. Another critical factor for the success of a change process is top management credibility (Simons, 2009). Davenport and Beck (2000) talks of the major economic and social forces driving change as, the increasing pace of technological changes that hinges on the information technology, a more advanced transport system, globalization, and the maturing markets in the developed countries, hence the need to

explore new opportunities. Thus according to Kottler (2008), the resultant effect has been globalizations and increased competition, which has diminished the insulation previously enjoyed by firms.

2.4 Typology of strategic change

Creating a feeling for the urgency of change is crucial in order to get the required cooperation of employees and managers. If the need for change is not understood, it will be difficult to put a group together which has enough power and credibility to initiate the required change program (Kottler, 2008). One widespread and widely acknowledged typology of strategic change categorizes forms of organizational change according to different dimensions. A first dimension is the intensity of change, ranging from no change required to radical renewal of the company (Fopp and Schiessl, 2009). In this context, Nadler differentiates between incremental and radical change.

The second dimension is the chronological positioning of the change. Here, a difference is made between anticipative and reactive practices. Using these two dimensions, Nadler (1994) draws up a matrix in which he positions the basic types of change of company strategy. In so-called tuning, future environmental developments are anticipated to increase company efficiency. In contrast to this, adoption means the adaptation of the company to the environmental changes. What tuning and adoption have in common is that the change is evolutionary and starts off in subsections of the company. If the whole company is restructured anticipatively through fundamental transformation, we speak of a re-orientation. The alternative to this is reactive redesign, in which environmental changes are reacted to which have already taken plan (Nadler, 1994).

Experts have proposed various approaches to change management. Predominant among them is the planned and the emergent approach. The planned approach, which has been popular till the 1980s, views organizational change as a process of moving an organization from one fixed state to another through a series of pre-planned steps. The three step model by Lewin (1947) proposes that permanent change in behaviour and system within an organization involves un-freezing previous behaviour, changing and freezing the new patterns. Central to the planned change is the stress patterns. Central to the planned change is the stress placed on the collaborative nature of the change effort, the organization, managers, recipient of change and consultants jointly diagnose problems and plan and design the implementation of the specific change.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design which was used in collection of data. The research design method was a case study which entailed an empirical enquiry that investigates a contemporary phenomenon in depth within real life context. Data was collected through primary and secondary methods. Quantitative and qualitative content analysis was used to analyze the data collected.

3.2 Research design

The research was conducted through a case study design where the unit of study was be Karirana Estates Limited to find out how strategic change management has enabled them to remain successful. According to Muthoni (2012) a case study is a form of qualitative analysis where a study is done on one organization and it gives detailed investigation of a single subject. Case study research consists of a detailed investigation, often with data collected over a period of time, within their context, with the aim being "to provide an analysis of the context and processes which illuminate the theoretical issues being studied (Hartley, 2004).

Yin (2003) demonstrated that a case study design should be considered when: the focus of the study is to answer “how” and “why” questions; you cannot manipulate the behavior of those involved in the study; you want to cover contextual conditions because you believe they are relevant to the phenomenon under study; or the boundaries are not clear between the phenomenon and context. Karirana Estates being a unit, a case study was seen to be the most appropriate research design to be adopted as it allowed

probing of information to find out what was unknown, and confirm what is known. The design provided a rich understanding of the organization by providing in-depth information.

3.3 Data collection

Primary and secondary data was used in this study. In-depth face to face interviews was conducted with interviewees being the general manager and the four head of departments charged with change implementation. These departments included; Factory, Finance and IT, Human Resources, and Sales and Marketing. Questions were issued in advance to help the interviewees recall facts, make references and to generally prepare for the interview. The interviewees were briefed in advance of questions to help them recollect facts and make references where necessary before the actual interview date.

In addition, secondary data was obtained from internal documents within the organization. Secondary data refers to information that has already been collected for a purpose other than the current research project but has some relevance and utility for the research. The researcher sought to obtain various documents from the organisation such as financial reports, market surveys and any other information that was found relevant for the purpose of this research project.

3.4 Data Analysis

This study adopted qualitative and quantitative data analysis tools. The collected data was thoroughly examined and checked for completeness and comprehensibility. The data was then summarized, coded and tabulated. Data presentation was be done by the use of tables for ease of understanding and interpretations. Descriptive statistics

techniques such as means and standard deviation were used to analyze secondary data. The study further analyzed the data using correlation analysis to establish the relationship between strategic change and success of an organisation.

Considering the kind of data intended going by the interview guide, since it was mostly be qualitative, content analysis method will also be employed. Content analysis is often used to analyze interview transcripts in order to reveal or model people's information related behaviours and thoughts. It is a method of analyzing written, verbal or visual communication messages. Content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of message and using the same to relate to trends (Nachmias and Nachmias, 1996).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, research findings and interpretation of the study data. Raw data was collected in the field through face to face interviews with the respondents. The researcher took notes during the interviews as well as audio recording of the interview. The study targeted the General Manager and the four heads of departments of the Karirana Estates limited comprising; the Finance Manager, Factory Manager, Human Resource Manager and the Business Development Manager. Out of the five, four were interviewed giving an 80% response rate.

This response rate was excellent and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This response rate was due to extra efforts made via personal calls and emails to book appointments with the interviewees and informing them of the importance of this research. Content analysis was used to analyze the study results as guided by the themes. The following are analyzed outcomes of the study.

4.2 Respondents' background information

According to Gitumbi (2013), respondents' length of service in an organization is an important factor as it reflects on the amount of experience such respondents have within the organization. In this case, the respondents had different levels of experience and length of service with the organization. This study established that they had experience of between seven and twenty three years within the organization.

It was observed that most of them have been in charge of change management process in the organization and therefore they were in the position to provide quality information for the study. In addition respondents were drawn from different departments in the organization. These departments included; Finance and IT, Production, Sales and Marketing and Human Resources. Such was important as it drew diverse views about the various departments and the organisation at large.

4.3 Change Management Practices and Operating Environment

This section of the study aimed at establishing the strategic change management practice undertaken by Karirana Estates limited and the results were presented in the following subsections.

4.3.1 The Nature of the Company's Operating Environment

The respondents were asked to describe the nature of the environment in which Karirana was operating under. From their response, it was generally agreed that the environment they operated in was reasonably unstable. They have had to contend with unpredictable aspects of the competition, economic changes, customer needs, resources, technology, and legal-political among others.

The result of the above was to have a long term planning that guided their action and more importantly, allocation of resources. Long term planning allows them to anticipate change and prepare for as well as deal with dramatic changes in the environment. In fact, by anticipating and planning for change, instead of just reacting to it, Karirana Estates limited is able to determine how to deal with the change.

4.3.2 Staff involvement during change

At Karirana Estates limited, the researcher found out that almost all employees are involved during change management. The idea is nurtured at the top management involving the board of directors and the general manager. Thereafter the idea is introduced to and discussed by the departmental heads that then roll it over to members of their respective departments through the opinion makers.

Such involvement of members of staff had rendered success in most of the introduced change within this organisation. The researcher was informed that most the communication during a process of change was done through both the formal and informal communication. Meetings, notices, emails, and use of opinion makers were cited as the best modes of communicating change to the members of Karirana Estates limited.

4.3.3 Factors Necessitating Change at Karirana Estates limited

The respondents cited that the factors that necessitated change could be grouped into internal as well as external factors. Internal factors include rise in cost of manufacturing and distributing tea. The respondents were particular on labour, energy and distribution costs. This needed to be consistently monitored to ensure that that the farmers who supply them with the crucial tea leaves have something keep them delivering their crop there as opposed to the competitors.

The respondents also mentioned external factors such as advancement in technology, competition, economic factors, political, customer demands and the world outlook. The researcher noted that conflict in the Arab Countries (where most of Kenyan tea is

exported to) had caused a great dip in the tea prices and as a result, the company would be paying very low second payments to their farmers. This as the respondents put it, was not healthy for the business since the farmer relied on this tea to meet almost all of their financial needs.

4.4 Effects of effective change management practices

This section of the study aimed at establishing the effects of effective change management at Karirana Estates Limited.

4.4.1 The benefits and Implications of Change

Although not all change was good, the respondents affirmed that effective change was necessary for the organizational operations as it brought out new ways of doing things that were better than the tradition methods. The introduction of CFU technology for example had necessitated improvement in productivity and significant savings on labour cost for the company. As a result they were able to pass the savings to the shareholders which have since then made them to have a competitive advantage over their competitors.

Being responsive to their customers is another benefit the respondents cited as having greatly enhanced by the adoption of change management. They are now able to seek and meet most the requirements by their varied very demanding customers by being able to produce high quality products and above all, improve the bottom-line. When the change was successful, it was very rewarding to the top management hence a contributor to job satisfaction and an employee motivating factor.

Other changes that have had a significant implication on their operations were the change in the way of collecting Greenleaf and also the distribution of made tea especially in the

local market. That said the introduction of Eden Tea that is mainly sold locally as opposed to exporting all made tea has seen them being able to cushion against the shocks caused by the negative global economic changes like in the Arab Countries where most of their tea is sold. As a result, they are able to maintain a considerable second payment rate to their supplies and the shareholders which is seen as a commendable achievement.

4.4.2 Ways to Improve the Adoption of Change

The respondents here stated that there was a general need for a deliberate system for measuring the anticipated change in terms of key performance indicators. When the results of any change was diverting from the anticipated results, then corrective measures would be put in place to enhance the delivery of the required results. Such would help to reduce any loss that would otherwise have been suffered for lack of a clear plan.

Employee involvement and working as team was also cited as being core to realizing the change anticipated with much more greater level of adoption. Training employees was mentioned to be one the greater components of helping the employee's understanding of the effect of the change in anticipation. Such would aid the acquisition of the required skills by the employees for the new way of doing things.

4.5 Challenges Of Encountered During Change Management

The respondents maintained that every change had a number of challenges. One was the key ones was the issue of budgetary constraints. There was no change that met sufficient funds to finance it fully yet in most cases it was expensive. Sometimes it was sheer underestimation of the required resources to take the project to the commissioning stage. With this Karirana Estates limited has learnt the need and importance of planning that see

them overcome the challenge of misplaced expenditure hence are able to undertake only those projects that have been forecasted and deemed necessary, beneficial and with a reasonable return for the company's operation.

Resistance to change was also a major challenge for them. Resistance to change is the act of opposing or struggling with modifications or transformations that alter the status quo in the workplace. Many employees who essentially would be the ones to operationalize the change do not want to change fear of the unknowing. The best way to deal with such resistance as supported by the respondents was involving them at all levels of change.

Loss of cash for failed projects was another major challenge. The respondents said that they had anticipated mechanization of tea picking as seen in other multinational firms. However, as much as the machines had been procured, they had to abandon the project since it was rendered unpractical there due to slow growth of tea when machines were used resulting to loss of raw materials. Those machines are now of no use and lying idle in the stores and this could only be termed as a sunk cost. To avoid such occurrences, Karirana Estates limited has seen the importance of engaging consultants and thorough research before committing to introduce some drastic changes.

Insufficient skills were another challenge. In most cases, a new change required a new skill and hence sometimes it was difficult to ascertain who had the required skill to support a project being implemented e.g. the introduction of new technologies like the continuous fermenting units. In-house training was seen as the best way to overcome such challenges.

Other times, the company would sponsor some employees to undertake special training in handling some projects at training centres who would then be helpful in running the new projects. The effect of these actions according to the respondents was the improvement of the uptake and adoption of the introduced changes.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study and conclusions emerging from various themes in the study. The chapter also presents the recommendations of the study. The following are some of the sections in this chapter.

5.2 Summary of Findings

This study targeted the senior managers at Karirana Estates limited who comprise the general manager and four heads of department from various departments; all of whom were interviewed. The study established that managers interviewed in this study had experience of between four and twenty three years within the organization. These managers were drawn from the following departments; Finance and IT, Sales and Marketing, Factory, Human Resources and the General Manager is the Managing Director.

Karirana Estates has been in existence for over fifty years and has an estate of over 800 acres and also buys green leaf from the neighboring small scale farmers. In fact the out growers comprises 75-80% while the estates represents only a 20-25% of all tea received for processing. For that reason, the company has had to develop rigorous measures to ensure that all the out growers are maintained in order to operate at a reasonable capacity. It has processing capacity of around 100,000 kg of Greenleaf per day.

The purpose of the study was to determine to what extent strategic change has contributed to the success of Karirana Estates Limited. The study sought to answer the question; what was the relationship between strategic change and organizational success?

The study established that the study organization had embraced change management practices as pointed out by the interviewees. As outlined by the respondents, change had become a constant in their operations and made clear to all stakeholders in order to command their rightful place in the business. Results revealed that the organization had embraced well-structured change department constituting of change champions for overseeing change process. Interviewees noted that communication was carried out in the study organization and that internal email, memos and formal meetings were the most preferred channels of communication. Communication helped to dispel negative rumors like losing job and explain clearly the objectives of change to all employees.

The findings also revealed that the organization adopted other practices like top management support, who played key role in crafting objectives of change, communicating urgency of change and approval of budgets on change process. The employees were also equally engaged in the change process which helped increase ownership during implementation of change

5.3 Conclusions of the study

The study sought to establish the relationship between change management and the success of an organisation. The study observed that numerous challenges were faced in change management process. Such challenges were either organizational related or

people related. These challenges included resistance to change, financial limitations, structural constraints, social constraints and internal politics.

The study revealed that Karirana Estates limited had remained a successful firm much as it had to overcome numerous turbulences in its over fifty years of existence. There had been need to change management, ownership and structural, capacity enhancement, operational, technological, legal-political, and economic and most importantly the global economy.

The study further observed that the organization had embraced reliable change management practices in its change process. The most critical was the communication of change to all employees in order to deal with resistance caused by misinformation and organizational rumors. Secondly, there was top management support throughout the entire period of managing the change process. The General Manager and the heads of departments played key role by crafting objectives, communicating the urgency of change, offering leadership and providing assistance to all employees. This ensured that management support was guaranteed and motivated others leading the change initiative.

Finally, the study concludes that there is a positive relationship between strategic change and the success of an organisation and that there are myriad benefits for an organisation in adapting to strategic changes that befall it in order to continue commanding its competitive place in its industry. Otherwise there is an eminent danger of being wiped out of business by those that gladly and effectively adapt to change.

5.4 Recommendations

The management of Karirana Estates Limited should consider the regular use of expert opinion to mitigate failure on change management. An introduction of a research and development team would enhance greater successes in adoption and uptake of strategic change. These actions would in effect see the company save a lot that would otherwise be spent on a failed strategic change plan.

A diversification strategy may also solve some of the economic strains they suffer quite significantly. A diversification strategy opens up new possibilities. Introducing a mix of other product offerings that are demanded by other world nations e.g. purple tea, flavored tea, green tea or even starting tea shops where customers would enjoy various tea products. For the company to continue to grow, they may have to examine how they can increase sales volume and revenue while keeping costs and risk to a minimum.

5.5 Limitations of the Study

The study may have some weaknesses inherent in using interview guides for data collection purposes. The data obtained from the interviewees may suffer from personal biases and may not represent the opinion of the study organization. Depending on personal factors like feelings, emotions, attitude towards change, the interviewees will give personal opinions which might not reflect the company's views and may withhold some information which is important for the study. The data obtained focused mainly on heads of key departments hence customers and other stakeholders were not incorporated in the research to give their views.

Another limitation is the extent to which the study findings can be used for generalization in attempt to understand the change management phenomenon in other banks. Being a case study, study is done on one organization and it gives detailed investigation of a single subject. The study was carried out within Karirana Estates limited working culture, structure and environment. Other similar organisations may therefore have different culture, structures, competencies, resource capabilities and hence display different reactions to the process of managing change.

Time allocation for the study was also not adequate for the study as interviews took more than initially estimated due to the nature of respondents and their work related conditions. The researcher had to allocate interviewing time and venue only that are convenient with the interviewees. That was generally was a challenge as the researcher had to keep changing his off duty schedule for the sake of undertaking the interviews.

5.6 Suggestions for Further Studies

The study collected data from the managerial staff working at Karirana Estates limited. The changes, effects and reactions of the change management at Karirana Estates Limited could be different in other organizations. This study therefore recommends that similar studies be done on the relationship between change management and the succes in other organizations for deeper understanding of the phenomenon under research.

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APPENDICES

Appendix i: Letter of Introduction



UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
MBA PROGRAM – LOWER KABETE CAMPUS

Telephone: 4184160 Ext. 208
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE: 04/09/2014

TO WHOM IT MAY CONCERN

The bearer of this letter DANIEL KARIUKI MUREITHI

Registration No: D6179320/2012

Is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PARTRICK NYABUTO
MBA ADMINISTRATOR



Appendix ii: Research Gap

The following are some of the studies carried focusing on different spheres concerning strategic change management the research gap existing.

Researcher's Name	Topic	Conclusion	Research Gap
Caroline N. Nyororo (2006)	Strategic change management and performance of national social security fund (NSSF)	Strategic change has aided NSSF in improving service delivery through adoption of ICT, and introduced products for the informal sector	Although this study demonstrated that there was improvement at NSSF after the introduction of strategic change, it did not demonstrate that the same would be replicated in a private firm, or in a different sector.
Jeneffer W. Gathua (2006)	Strategic change management and impact on performance of Unga Group Ltd	Change management impacts on issues such as the corporate culture, organizational culture, financial, communication, productivity, performance and the future outlook of the organisation.	This study underscored impact of strategic change management to the organisation. This study however cannot be a fair representation of a different sector like

			the agricultural, tea sector etc.
Mbuva James Munguti (2009)	Factors influencing change management practices at CFC – Stanbic bank	The factors that contribute to change are internal and range from cost reduction, redundancies, technological, cultural change, performance improvement, training of the employees, employee motivation, strategic choice, communication, level of staff involvement in the process, level of qualification of staff and group participation while others are external such as changes in customer needs.	This study mainly dealt on the factors that could influence implementation of change management. The contribution of change management to any organisation was thus not clearly spelt out.
Maina Ann Muthoni (2012)	Managing change at national bank of Kenya ltd	Although finally overcome through different methods, NBK faced numerous challenges in the change management process.	This study fairly dealt with how change is handled. However it failed to mention the effects of the said change in an organisation.

<p>Rachel Wangui Githumbi (2013)</p>	<p>Strategic change management at the Kenya Citizens And Foreign Nationals Management Service</p>	<p>The organisation had adopted Change management practices.</p>	<p>This study established that change was in place at KN & FNMS but did not clearly demonstrate real difference that was being caused by this change. It therefore failed to explain whether change contributed to organizational success</p>
<p>Runoh Geoffrey Kamau (2013)</p>	<p>Relationship between strategic change and organizational performance of large printing firms in Nairobi Kenya</p>	<p>The study revealed that strategic change in an organization leads to an increase in firm customer base, asset quality, quality of service, increased production and increased market share due to management taking appropriate measure at the rightful time where strategies seems to fail in achieving set goals, abilities and energies channeled to explicitly enhance strategies that propel</p>	<p>Although this study demonstrated that there was improvement in customer base, asset quality, quality of service... after the introduction of strategic change, it did not demonstrate that the same would be replicated in a private in a different sector of the economy like</p>

		firm's performance positively.	agriculture, manufacturing etc.
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Source: Author (2014)

Appendix iii: Interview Guide

My name is Daniel Mureithi; I am carrying out a research on the topic “**Strategic Change as a Catalyst for Organizational Success**”. I therefore request you to avail yourself at a convenient time for an interview on the above subject. I would like also to assure you that the content collected during this interview will be handled as confidential and will only be used for the purposes of this study.

SECTION A: General Information

Name: (optional).....

Department:.....

Position:.....

Number of years worked:.....

SECTION B: Change Management Practices and Operating Environment

1. Which members of staff are involved in managing the changes experienced in Karirana Estates Limited?
2. In your opinion, how would you describe the stability of your company’s operating environment in relation to change management?
3. What is the importance of long term planning to the company’s future?
4. For how long have you been applying change management principles in your department?

5. Which internal factors do you think contributed to the change experienced in Karirana Tea Estates?

6. In your opinion, which are the external factors that contributed to the changes that have been experienced in the company?

7. What method(s) are used to communicate the changes and how they will be implemented?

Section C: Effects of Change Management Practices

1. What were the effects of the changes in management of operation?

2. What are the benefits of change management practices that you and your department have experienced in Karirana Estates Limited?

3. What are the measures in place to improve the adoption of change management in Karirana Estates Limited?

4. Who are the beneficiaries of the change management in Karirana Estates Limited?

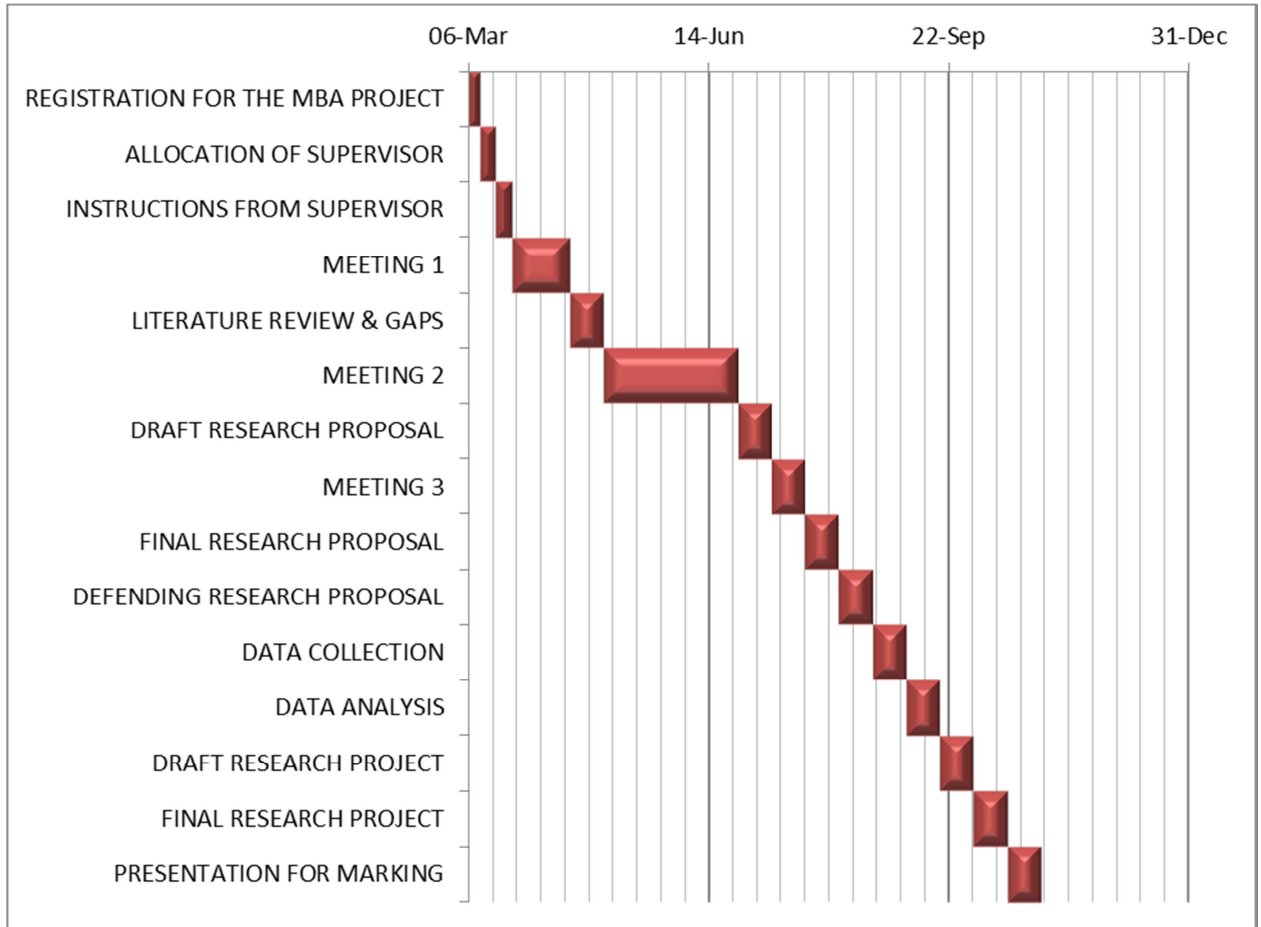
5. How do change management practices affect revenue, productivity, employee satisfaction, profitability, customer satisfaction and corporate social responsibility in Karirana Estates Limited?

Section D: Challenges of Change Management Practices

1. What are the challenges you encounter during change management?

2. How do you overcome the above challenges?

Appendix iv: Time Lines



Source: Author (2014)