STRATEGIC CHANGE MANAGEMENT PRACTICES BY EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA),SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER, 2014

DECLARATION

This research project is my original work that has not been submitted for examination in any other university or college for examination/academic purposes.

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

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

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ACKNOWLEDGEMENTS

I thank the almighty God for seeing me through my studies. Through His blessings and mercy, I have been able to go through my studies well.

I also thank my family and friends for their support during my studies.

My sincere gratitude goes to my supervisor, Mr. Eliud Mududa. His intellectual guidance throughout this project has been immense. I am also grateful to my moderator, Prof K'Obonyo whose input in my project went a long way into making it better. I cannot forget all the University of Nairobi lecturers who took me through my MBA studies. May God bless you abundantly.

My colleagues also played a huge role in my studies. For that, am grateful.

I am also grateful to EAPCC for giving me the opportunity to carry out this project.

DEDICATION

This project is dedicated to my parents Wycliffe and Janerose Fwambah, sisters and brother for the important role you have played in my life. You are my rock. I also dedicate it to my niece and nephew, Tracy and Mikael for the fresh air you breathe into our lives. I also dedicate it to my best friend Erastus Muriuki for your invaluable support.

LIST OF ABBREVIATIONS AND ACRONYMS

EAPCC-	East African Portland Cement Company Limited
BMBC-	Bamburi Cement Company Limited
ARML-	Athi River Mining Limited
NCC-	National Cement Company
MCL-	Mombasa Cement Limited
SCC-	Savanna Cement Company
NSSF-	National Social Security Fund
OPC-	Ordinary Portland Cement
PPC-	Pozzolanic Portland Cement
KNBS-	Kenya National Bureau of Statistics
DRC-	Democratic Republic of Congo

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ABSTRACT

The cement industry in Kenya has evolved in the recent past. The industry that once comprised of two companies, EAPCC and BMBC, has seen the entry of four new companies in the last five years making the industry very competitive; two more companies are set to join the industry. This, coupled with expansion from existing competitors threatens to reduce EAPCC's market share. It is as a result of these changes in the company's environment that has made EAPCC, which is the oldest company in this industry, adopt strategic change so as to survive. The objective of this study was to determine change management practices by East African Portland Cement Company Limited. The study sought to find out factors that led to implementation of change management in the organization, how the change was effected by looking at various methodologies that was used to implement the change. Finally the study looked at whether the change was effected successfully or whether it met obstacles along the way and whether the intended results of the change were met. The research design adopted was a case study since the unit of analysis was one organisation. Interview guides which comprised of open-ended and closed-ended questions were used to collect primary data. The interviews were administered to six interviewees who were the heads of departments at EAPCC. Content analysis was used to analyse the data. The study concludes that strategic change management was well implemented at EAPCC, addressed all the challenges that the organisation was facing at the point of implementation and has helped the organisation survive the turbulent environment. The researcher recommends that the organisation takes up a pro-active approach to dealing with changes in its external environment as this will enable it to better handle any changes in its external environment.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Wheelen and Hunger (2008), defined strategic management as a set of managerial decisions and actions that determine the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation and evaluation and control. Pearce and Robinson (2002) defined strategic management as a set of decisions and actions that result in formulation and implementation of strategies designed to achieve the objective of an organization.

Change that is managed has both intentional (explicitly planned for) and realised (emerged out of this situation) aspects (Tichy, 1983). Today organisations operate in rapidly changing environments. The changes occurring in these environments have an effect on all aspects of the organisation: its management, the people involved, its culture, structures and processes. Change usually originates from the external environment therefore making internal changes necessary. This type of change makes enormous demands on the management. By using the strategic management process, management can formulate strategies to ensure the survival and success of the organisation within the environment in which it operates. The formulation and implementation of strategies results in change, and management must then manage that change. This is referred to as change management; and it is at this point that strategic management and change management interlink. (Morgan & Smit, 1996).

The theory on strategic change can be classified into two schools of thought: content school and process school. Researchers in "content" school have focused on the antecedents and consequences of strategic change. In contrast, researchers in the "process" school have focused on the role of managers in the strategic change process. The three theoretical perspectives on strategic change are: the rational, learning, and cognitive lens perspectives (Nandini & Gretchen, 1997).

1.1.1 Strategic change

Strategic change can be defined as a difference in the form, quality, or state over time in an organization's alignment with its external environment. An organization's alignment with its external environment is defined as the fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives. Changes in this alignment encompass changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy and changes in external environment and organization brought about to initiate and implement changes in the content of strategy. Furthermore, changes in such alignment can occur at the business, corporate, and collective levels of the organization. However, organizational changes that do not result in changes in the content of a firm's strategy are not included within the domain of strategic change (Nandini & Gretchen, 1997).

1.1.2 Strategic change management

Strategic change management plays an important role in organizational changes. It is mainly concerned with how managers anticipate change, how change can be directed and controlled, what the drives the changes as well as who are affected by changes and how they are affected by such changes. It also involves knowledge about the effects of changes on the organization as a whole. In this regard, strategic change management can promote and reinforce the forces that drive positive change and come up with remedial measures against negative impacts of change. In addition, strategic change management allows managers to deal with resistance to change and reinforce organizational staff to embrace change (Bejinaru & Baesu, 2013).

Strategic change management can best be undertaken if the organizational management teams are aware of and understand the characteristics of change. This is in terms of the scope of such change, the stakeholders that the change will affect and the timeframe of the expected changes. Strategic change management can also be achieved within an organizational set-up if the leaders have an accurate understanding of their organization's attributes. This means that the culture as well as the history of the organization must be put into perspective (Klepić et al., 2011). It implies that there must be an appraisal of whether the anticipated changes are inevitable or needed, particularly among the organization's employees. Managers must also look at the way change has been managed in the past.

Andrews et al. (2008) argue that strategic change management is important within organizations in two major respects. First, it ensures that employees are enabled to adjust to the changes within organizations. This ensures that the employees can maintain or even improve their efficiency and effectiveness in the resulting new work environment. Second, strategic change management ensures that planned change is presented to the major stakeholders within an organization in a manner that they understand the need for change; particularly employees. This reduces the chances of resistance to change. This means that best practices to strategic change management must be understood.

Planning is one of the best practices in strategic change management. It involves a careful development and documentation of the envisioned change's objectives that the organization wants to achieve. In addition, there must be a clearly stated means of achieving the established goals or objectives (Andrews et al., 2008). This is the most crucial aspect of effecting strategic change within organizations and if it is not properly done, change may fail to produce desired outcomes.

Governance also plays an important role in strategic change management. According to Andrews et al. (2008), managers within organizations must put in place proper governance structures in order to effect change. This includes assigning roles, duties and responsibilities according to individual competence in terms of qualification. The necessary resources must also be provided alongside the assigned duties so that individuals can effectively perform their assigned duties.

Another important practice in strategic change management is with regards to engagement with the major stakeholders of the organization. Change managers ought to encourage stakeholders to take part in the change process so that they can offer their commitment and feel part and parcel of the organization. One way of achieving this is through opening of channels of communication for consultations (Andrews et al., 2008). This then creates not only awareness about change but also an understanding of the same in the whole organization. Members of the organization can move on the same wavelength of change.

1.1.3 Cement manufacturing industry

Production and consumption of cement in Kenya has nearly doubled as the country's construction sector booms. The cement industry is among the fastest growing in the country, with Kenyans consuming a month more than 100,000 metric tonnes of cement than what they used to in 2013, according to economic data released by Kenya National Bureau of Statistics (KNBS). The leading economic indicator report says the quantity of cement produced increased from 461,000 metric tons in April 2014 to 477,000 metric tons in May 2014. Consumption also went up from 427,000 metric tonnes recorded in April 2014 to 450,000 metric tonnes in May 2014. According to KNBS, cement consumption in Kenyan is at 450,000 metric tonnes per month, up from 340,000 metric tonnes in 2013.

Cement consumption for first five months of 2014 went up by more than 400,000 metric tonnes to 2,000,000 metric tonnes according to the latest figures from the Kenya National Bureau of Statistics. During the first five months in 2012 and 2013, Kenyans had consumed 1,500,000 metric tonnes and 1,600,000 metric tonnes of cement respectively. Kenya consumed 4.3 million metric tonnes of cement last year, up from 3.9 million metric tonnes in 2012.

The huge demand has pushed up production, which stands at more than 470,000 metric tonnes a month. In the first five months of 2014, 2.3 million metric tonnes of cement has been produced, up from 1.9 million metric tonnes during a similar period in 2013 and 1.8 million in 2012. Production of cement, however, has not increased as fast as consumption. While consumption has been consistently growing, according to KNBS, production has been fluctuating, dropping in some months. In the first quarter of this year, the state-run agency noted that the sector contracted. However, consumption of cement increased.

Presently, the local cement industry includes six cement companies which are: Bamburi Cement Limited (BMBC) which has its main factory in Mombasa, Athi River Mining Limited (ARML) which is based in Athi River, East African Portland Cement Company Limited (EAPCC) which is also based in Athi River. The other companies are National Cement Company Limited (NCC), Mombasa Cement Limited (MCL) and Savannah Cement Company (SCC).BMBC carries the largest market share followed by MCL and EAPCC is in third place. As demand of cement increases, more players are set to come into the sector, among them Dangote Cement, owned by Nigerian tycoon Aliko Dangote and the Indian based Sanghi group of company who are putting up a 12 billion shillings plant in Pokot County.

1.1.3 East African Portland Cement Company Limited

EAPCC is the oldest cement manufacturer in Kenya having been incorporated in 1933. EAPCC started as a trading company, importing cement for early construction work in East Africa and in 1956 constructed its first factory in Athi River.

EAPCC's shareholding structure is largely institutional, with the company's top ten shareholders owning a combined 96.1% stake in the company. NSSF and the Treasury are the company's top shareholders holding 27.0% and 25.3% respectively. In this respect, the government is the majority shareholder therefore making EAPCC the only parastatal in the Kenyan cement industry.

Under its flagship brand of Blue Triangle Cement, EAPCC produces two kinds of cement: Ordinary Portland Cement (OPC) and Portland Pozzolanic Cement (PPC).

This cement is sold locally and also exported to countries such as Uganda and Zaire, South Sudan, Rwanda and DRC. The company has a subsidiary in Uganda to enable it distribute the cement to South Sudan and DRC. EAPCC's cement is sold in 50-kg bags and in 30-tonne tankers. EAPCC also produces custom-made cement products for the construction industry.
(http://www.eastafricanportland.com/Products/Our-Products/)

1.2 Research Problem

Strategic change management has become a critical part in most organisations. The ever-changing environment that organisations operate in has made it necessary for organisations to formulate and implement strategies to ensure their survival. The change that comes with formulation and implementation of these strategies needs to be managed and this results in strategic change management. The drivers of change can either be internal or external to an organisation. Anderson and Anderson (2010) stated that organisations that excel at change have a competitive advantage. They capture market opportunities, significantly improve their operations, innovate, merge, downsize and perform numerous other critical activities than their competitors who struggle with change.

The cement industry in Kenya has evolved in the recent past. The industry that once comprised of two companies, EAPCC and BMBC, has seen the entry of four new companies in the last five years making the industry very competitive; two more companies are set to join the industry. This, coupled with expansion from existing competitors threatens to reduce EAPCC's market share. It is as a result of these changes in the company's environment that has made EAPCC, which is the oldest company in this industry, adopt strategic change so as to survive.

A number of studies have been carried out on strategic change management. Ngéno (2011) studied the strategic change management process in the electoral system in Kenya and used the ministry of justice and constitutional affairs as his case. The conclusion of the study was that strategic process in an organisation should be driven by an able group of management and employees who are committed to their work. Wachira (2011) on her study of determinants and process of strategic change at Family Health Options Kenya, concluded that change management adopted was both continuous and a one-off event and that the change management process was a successful one. Mbuthia (2012) made a study on management of strategic change at British American Tobacco Kenya Ltd and found that BAT is very responsive to changes in the business environment and adapts to change at the micro and macro business levels. Amenya (2008) carried out a study on management of strategic change at Rift Valley Railways (Kenya) Limited and her findings were that implementation of strategic change in the company was not successful.

Internationally, diverse research has been done on the topic of organizational change. Some of these studies look at organizational change from several perspectives. For example, in their review of theoretical and empirical change literature over a nine-year period, Armenakis and Bedeian (1999) identify four research themes or issues common to all change efforts: content issues which focus on the substance of contemporary organizational changes, contextual issues, which primarily deal with forces in an organization’s external and internal environments, process issues, which address actions undertaken during the enactment of an intended change and criterion issues, which focus on outcomes commonly assessed in organizational change efforts.

Research dealing with monitoring effective and behavioural reactions to change is also reviewed. Some researchers have endeavoured to understand the nature or content of change (Beer, 1980) and continuous versus discontinuous change (Romanelli & Tushman, 1994).

Earlier research examines environmental factors that motivate organizations to change in response to external environmental threats and opportunities and focus on environmental factors that may motivate organizations to change .The most widely-stated causes come from macro-environmental factors such as major economic and political changes, technological advances, rapid expansion in the global marketplace and altering demographic and social structures (George & Jones, 2002).

Though many studies have been carried out in this field, these studies are in different industries and therefore the conclusions made in each study might not portray the situation at EAPCC. This is because each industry has its own unique drivers of change making it necessary to study change management practices at EAPCC. In addition, EAPCC is the only parastatal in the cement manufacturing industry and a study carried out on this organisation shall provide another angle to the study as its operations are heavily influenced by the government unlike the private entities in the industry. This then provides a research gap that needs to be filled.

This study sought to find out factors that led to implementation of change management in the organization, find out how the change was effected by looking at various methodologies that was used to implement the change. Finally the study looked at whether the change was effected successfully or whether it met obstacles along the way and whether the intended results of the change were met. This was done by studying the impact of change implemented at EAPCC. It is in this regard that the study lead to the research question: What strategic change management practises were adopted by East African Portland Cement Company Limited?

1.3 Research objective

The objective of this study was to determine change management practices by East African Portland Cement Company Limited.

1.4 Value of the study

This study will be valuable to the stakeholders of EAPCC. Management, being one of the stakeholders at EAPCC, will be able to assess the impact of the change implemented. It will be important to the management as it has invested time and money into the implementation and therefore, from this study they it will be able to assess its return on investment.

This study will also offer other organisations that are thinking of implementing change or are in the process of doing so some insight on the best way of doing so.From this study, these organisations will be able to know the best way of implementing change while at the same time knowing which pitfalls to avoid.

This study will form a basis for academicians and researchers to carry out further research. Based on the findings, gaps and limitations that will be identified, future researches will build on these findings, fill the gaps that the research may leave out on and address the limitations that may be faced during this research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to review the literature on strategic change management from an organizational perspective. Specifically, it will discuss the theories of strategic change and various forces or drivers that facilitate and bring about organizational change. It will also discuss the different types of change, models of change and challenges of change implementation.

2.2 Theoretical foundation of the study

The literature on strategic change can be classified into two schools of thought: content school and process school. Researchers in the first school, the "content" school, have focused on the antecedents and consequences of strategic change. In contrast, researchers in the second school, the "process" school, have focused on the role of managers in the strategic change process. The three theoretical perspectives on strategic change are: the rational, learning, and cognitive lens perspectives. In general, the rational lens perspective captures the theoretical models implicit in the content school, whereas the learning and cognitive lens perspectives are found primarily in the process school of strategic change (Nandini & Gretchen, 1997).

2.2.1 Rational Lens Perspective

Nandini and Gretchen (1997) describe rational lens perspective as a sequential, planned search for optimal solutions for well-defined problems based on previously defined firm objectives. Rational managers optimize performance by establishing a fit between the firm and its environment through the creation and implementation of a strategic vision. In this perspective, strategic change is defined as a unitary concept measured through discrete changes in a firm's business, corporate, or collective strategies. Business-level changes are meant to improve the competitiveness of a firm's individual business units, corporate-level changes address the diversity of businesses under the corporate umbrella, and collective-level changes explore the relative merits of forming relationships with rivals, suppliers, distributors, and other firms.

The environment is assumed to be objectively determined and manifested as a source of threats and opportunities. Immutable by managerial actions, environmental conditions are assumed to directly influence changes in the content of strategy through a deliberate analysis of strategic alternatives. Also assumed to be objectively determined, organizational factors associated with inertia are considered weaknesses that inhibit change, and factors contributing to flexibility are considered strengths that support the need for change. According to the rational lens perspective, firms change strategies mainly to improve their economic performance (Nandini & Gretchen, 1997).

2.2.2 A Learning Lens Perspective

In contrast to the rational lens perspective, learning lens perspective views strategic change as an iterative process; managers effect changes through a series of relatively small steps designed to probe the environment and the organization. These learning steps can result in major and minor changes to the content of a firm's strategy. More completely specified than the rational lens perspective, the learning lens perspective accords a central role to managerial actions in the strategic change process (Nandini & Gretchen, 1997).

Other features of the learning lens perspective are also different from those of the rational lens perspective. First, strategic change is defined as the combination of changes in the content of strategy (similar to the rational lens perspective) as well as changes in environmental/ organizational conditions brought about by managerial actions in the process of change. Specifically, managerial actions reflect behaviors that shape and are shaped by the environment, the organization, and the content of strategy. Thus, in the learning lens perspective, a more holistic definition of strategic change is adopted. Second, the environmental/organizational context, rather than being objectively determined as in the rational lens perspective, is assumed to be uncertain and dynamic. The environment is a source of information uncertainty and cause-effect ambiguity. Managers attempt to understand an ambiguous environment through a series of iterative actions (e.g., information gathering) that are aimed not only at understanding the external context but also at influencing it proactively (Nandini & Gretchen, 1997).

2.2.3 A Cognitive Lens Perspective

Nandini and Gretchen (1997) describe this perspective as the only perspective in which the role of managerial cognitions in the strategic change process is explicit. Managerial cognitions are variously defined as knowledge structures, core beliefs, cause maps, and schemas. In the cognitive lens perspective, the same definition of strategic change used in the learning lens perspective (i.e., a combination of changes in the content of strategy as well as accompanying organizational and environmental conditions) is generally employed. A key assumption in the cognitive lens perspective is that the environment cannot be objectively determined; instead, it is enacted by managers and represented through cognitions. Likewise, the organizational context is assumed to be a source of information that affects the content and structure of individual cognitions. Organizational structures, incentive mechanisms, and control systems form part of a broader organizational ideology, in which managerial cognitions of the need for, and resistance to, change are embedded. Cognitions have little effect on strategic change unless they are manifested in actions. Similar to actions in the learning lens perspective, managerial actions also influence environmental stakeholders, organizational structures and systems, and changes in the content of strategy.

2.3 Forces of Change

Scholars have identified a wide range of forces that drives change. Whelan-Berry and Somerville (2010), for instance, argue that these forces are either internal or external; where internal drivers of organizational change are found within organizations themselves while external forces come from the milieu within which the organization operates. Among the internal forces that drive change, there are aspects such as the firm's technology, the products that the firm offers as well as administrative issues.

If a firm realizes that the technology used in production is obsolete, then changes can be initiated in order to embrace new and appropriate technology. Whelan-Berry and Somerville (2010) further observe that if firms continue using outdated technology, they become inefficient and lose competitiveness in the highly competitive market. In some incidences, technology that firms embraces lead to complementary changes in personnel and even procedure. In other cases, products may drive change in an organization whereby firms diversify and produce new products or add value to their existing products. These changes shall be discussed later in the subsequent sections.

Issa et al. (2010) point out that organizational change occurs within a framework of factors collectively abbreviated as PESTEL (political, economic, social, technological, environmental and legal aspects). These factors have important driving force on organizational change. Politically, firms change due to the present real or potential effects of the pressure arising from politics within the country that the firm operates. Politics dictate the business environment because it determines whether or not investors can invest in a given country. Political pressure, for example, may compel firms to implement strict labor laws and location of business in particular locations (Halkos, & Dimitrios, 2012). In some instances, political turmoil in countries, particularly the developing democracies may militate against investment in such countries. This means that if firms intended to or had actually invested in countries that are politically unstable, restive and not peaceful, they may be forced to review their decisions.

According to Klepić et al. (2011) economic forces also drive organizational changes. In the highly globalized world, organizations are influenced by economic changes at all levels of analysis be it local, national or global. Economic conditions at the global, local or national level may force firms to change their strategy. Global economic regression affects the flow of capital, the demand and supply of goods and services as well as delivery of raw materials. With such effects, firms may execute a wide range of changes in their administrative structures, products ranges and even how they produce their goods and services.

Bezbaruah (2008) has identified social forces as another driver of organizational changes. Society changes in a variety of ways and these ways affect organizations in different ways. Demographic characteristics and changes may force organizations to change their way of operation (Yokota & Mitsuhashi, 2008). As the people's purchasing power increases, it means firms must also adjust to take care of increased demand for social services. People's tastes and preferences also force firms to institute changes in their product mix in order to be relevant. Population growth also drives firms to increase their productivity and expand their capacity to provide employment, increase sales and productivity.

The environment also drives organizational changes (Issa, et al., 2010). Today, the environmental conservation is a global concern and environmental issues lead to organizational changes. Many firms are implementing organizational changes in order to embrace sustainability practices. Such changes involve the shift away from paper to paperless business transactions as well as recycling materials. Legal forces also drive organizational change (Klepić et al., 2011). It should be noted that organizations do not operate in legal vacuums but they exist and operate within clearly set legal frameworks. This means that changes in law may necessitate organizations to undertake necessary changes in order to conform to the new legal regulations. In some cases, firms may come up with changes that allow them to circumvent tough and unfriendly regulations.

2.4 Types of Changes

There are different types of changes that organizations can undertake in their lifetime. These changes can either be undertaken simultaneously and instantly or one at a time and gradually. However, sustainable change is taken gradually. Broadly, there are two categories of change: Emergent and planned change. All other types of change occur within these two categories. These include technological, product/service and administrative changes. In this section, discussion shall be on planned and emergent change as well as a brief discussion on the above mentioned more specific types of change (Livne-Tarandach & Bartunek, 2009)

2.4.1 Planned Change

This refers to the type of change that arises from conscious and deliberate actions and reasoning of the managers of a given organization. It unfolds in some organized and ordered manner where the actions are pre-planned and in most cases, well documented. It usually involves decisions and/or actions that come in some sequence, thereby altering the behavior of the organization as well as individuals (Livne-Tarandach & Bartunek, 2009). This type of change therefore occurs when those who are in charge of strategic planning within organizations identify what is supposed to change and then they embark on the change mission. Since planned change involves many ordered stages, it suggests that this type of change does not occur instantly. It takes time before the results are realized. Critics argue that planned change is slow; less dynamic. However, because of the thinking that goes into preparing for change, planned change is most likely to be sustainable.

2.4.2. Emergent Change

As opposed to planned change, emergent change seems to be spontaneous and unpredictable. In most cases, this kind of change is not intentional and it comes from any part of the organization or from outside the organization. In this type of change, managers have very limited options to prevent it from happening, but they can only make decisions to enable the organization to adjust to such change. Livne-Tarandach and Bartunek (2009) argue that this type of change occurs in a simultaneous manner as workers within an organization work in different departments to create new working conditions that are in line with the change.

Under these broad two types of change, the sub-types include the following:
Technological changes refer to a shift in the way a firm produces it goods and services. In other words, it refers to the rate of technical development of a product. Firms are sometimes forced to undertake major technological changes in order to achieve a number of aims. These aims include improvement of efficiency, reduction of costs and the need to attain and maintain a competitive advantage over the others in the same market/industry. In some cases, technological changes may occur outside the firm and whenever it occurs too often, the firm's products may easily become obsolete (Acur et al., 2012).

Technology plays a very crucial role in organizational change (Halkos & Dimitrios, 2012). Most people who want to realize change in organizations target technology as the most important aspect of such organizational change. This is particularly important for manufacturing entities whose production techniques determine their outcomes both in terms of products and in terms of revenues.

Product/Service Changes are the changes associated with the firm's outputs in terms of the products/goods or services that the deal in. According to Richtnér and Åhlström (2006), product/service changes occur in a number of ways. For example, a firm may modify an existing product, introduce a new product or remove another product from its product line. All these changes are made in order to respond to the market realities, economic conditions, customer needs, tastes and preferences as well as technological changes.

Within organizations, products are developed in different stages and processes. Changes in the product development, particularly new products are hinged on the firm's innovative capacity. In order for the firms to change their product development, they ought to have sufficient innovative power. If this is not the case, organizational slack may lead to discontinuities in product development (Richtnér & Åhlström, 2006). Therefore in order for firms to undertake meaningful product changes, they must have the capacity to innovate. Introducing new products on the market depends on the firm's assessment of such market. This, according to Acur et al. (2012) is because every product requires its own domain in the market if it is to succeed in terms of sales.

Administrative Changes are another aspect of organizational change in the area of administration. This relates to the daily management of the firm and how it conducts its business. It implies changes related to procedure/workflow and personnel. These changes are important in bringing organizations in synchrony with the market or industry realities (Halkos & Dimitrios, 2012). In administrative changes, organizations seek to implement procedural changes that are aimed at eradicating irrelevant, unnecessary and time-wasting procedures or steps (Alas, 2008). This is done after a process audit is done in order to establish procedures that are no longer needed in an organization. New procedures and reporting channels are introduced to improve the organization's conduct of business both internally and externally.

In terms of personnel, administrative changes are made affecting the employees of the firm. Such changes include job enrichment, staff promotion, disciplinary actions, redeployment and hiring more staff (Mariana, et al., 2013). Whenever organizations discover that certain departments are understaffed, personnel changes are made to redeploy staff to the understaffed departments or divisions. If, on the other hand, it is noticed that some employees are underemployed, job enrichment can be done in order to attain full employment.

2.5 Models of Change

Organizational changes can be understood within certain conceptual frameworks or models as advanced by different scholars. Change models are important because they assist in explaining any organizational changes in a simpler manner (Bezbaruah, 2008). According to Lewis (2012), many models can help in understanding organizational changes. These models include the Bullock and Batten Model, the Kanter et al Model, the Kotter's Eight-step Model, the Lewin's Three-step Model, the Processual Model and the Learning organisation Model. There is also what is called the "Nadler-Tushman's Congruence Model of organisational change" (Bezbaruah, 2008, p. 129). In this chapter, only two models of change shall be analyzed; the Lewin's Three-step Model and the Nadler-Tushman's Congruence Model. These are chosen because they address planned and emergent changes respectively.

2.5.1 Lewin's Three-step Model

Lewis (2012) argues that all other models are based on the Lewin's Three-step Model. According to this model, "new systems, processes or organizational structures" (p. 7) are necessary but not sufficient conditions for real organisational change to occur.

Meaningful organisational change can only after the people within organizations make their own individual transitions from the traditional way of doing business. In this sense, change involves movement from a stagnant condition to a different state through three stages. This means that the model can be used in understanding and effecting planned changes. These stages are named "*Unfreeze*, *Change* (originally known as Move) and *Refreeze* (originally known as Freeze)…" (p. 7).

At the Unfreeze stage, organizations prepare their staff for change and also identify and reinforce the driving forces that bring about change. In addition, an examination of the current organisational conditions or the status quo is done during this stage. During the Change stage, the implementation of the intended changes is done by involving people. It is the stage for actual transition from the status quo to some desired stage. The Refreeze stage on the other hand involves efforts to make change enduring. Positive outcomes are rewarded and a new organisational culture is created (Lewis, 2012).

2.5.2 Nadler-Tushman's Congruence Model

This model is suitable for explaining emergent changes within organizations based on the idea of consistence (congruence) of the various organizational components. This model consists of eight stages that are used in the analysis of organizational problems that necessitate change. The first stage or step is the identification of the signs of a possible problem that might be in existence. This stage is followed by the second step which involves the specification of the principal elements if the particular organization under observation. These elements include organizational resources, the environment within which the organization operates as well as the strategy for change (Whelan-Berry & Somerville, 2010).

The third and fourth stages, according to Bezbaruah (2008), involve identification of outputs and the classification of the identified problems. The outputs are identified in terms of the desired outputs and the actually available outputs. In the fourth stage, the problems are classified based on the disparity between outputs desired and those that are actually available. The fifth stage involves a description of the components of the organization and a collection of data on them. The sixth stage is where the congruence is evaluated between the organizational components while the seventh stage encompasses an identification of the issues that require attention. This is achieved by a proper linkage of the analysis of congruence to the problem identified. Lastly, step eight involves a determination of the necessary action steps which are aimed at reducing the problem or removing it altogether thus leading to organizational change.

2.6 Challenges of Change Implementation

Organizational change rarely occurs smoothly. Usually there are attempts to resist change and such resistance comes from various sources. It is therefore important to understand resistance to change, the sources or reasons for resistance as well as its impacts on effective strategic change management (Ford et al., 2008). Psychologists argue that it is perfectly natural for people to resist change, especially if such change is associated with uncertainties or if it threatens to cause discomforts (Mariana et al., 2013).

According to Ford et al. (2008), one of the reasons why people often resist change is the perceived contravention of agreements. If the anticipated changes are expected to break prior agreements between parties, the party that feels short-changed resists such changes. This is especially the case if there are no plans to restore their expected loss that might arise from changes. They further argue that resistance to change can occur if there are no proper communication channels and techniques to explain the anticipated changes to major stakeholders. Thus, failure to make change legitimate leads to its resistance.

Within organizational set-ups, employees resist change due to a number of factors. Their expectations of expected change, plays an important role in determining whether they embrace change. In addition, their level of trust in change managers, their attitudes towards the organizational policies as well as management styles used to bring about change have important influence on the resistance to change (Ford et al., 2008). Thus, all these issues must be properly addressed in order to have an effective strategic change.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses research design that was used in the study. Data collection technique and data analysis procedures that were used in this study are also explained in depth**.**

3.2 Research design

A research design is the conceptual structure within which research is conducted (Kothari, 2004). This research adopted a case study approach as it sought to find out the strategic change management practices adopted by EAPCC. This design was appropriate because there was only one institution which is also the unit of analysis. The case study method is a form of qualitative analysis that involves a careful and complete observation of a unit; it focuses more on depth than breadth. The objective of a case study method is to locate the factors that account for the behaviour patterns of the given unit as an integrated totality (Kothari, 2004).

3.3 Data Collection

This study made use of both primary and secondary data. The primary data was obtained from interviews. The interview was administered to 6 interviewees, who comprise the heads of departments at EAPCC. The six were preferred for the study because they were strategically positioned and thus were expected to be knowledgeable about strategic change management at the company. An interview was chosen as the most ideal method of collecting data as it enabled the interviewer get more information and in greater depth.

3.4 Data Analysis

Data analysis involves a number of closely related operations which are performed with the purpose of summarising the collected data and organising them in such a manner that they answer the research question. Data from the interviews was analysed by content analysis so as to fulfil the requirements of the study objective. Content analysis is the qualitative analysis concerning the general import or message of existing documents; it is measurement through proportion (Kothari, 2004).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents findings and analysis of the study in relation to the objective of the study which was to determine change management practices by East African Portland Cement Company Limited. The discussions will focus on factors that led to implementation of change management in the organization, how the change was effected, whether the change was effected successfully or whether it met obstacles along the way and whether the intended results of the change were met. Data was collected by means of interview guide which was administered to six interviewees who comprised the heads of department of the organisation.

4.2 Demographics of the Interviewees

The six heads of departments who were interviewed were head of production operations, head of sales and marketing, head of financial management, head of human resource and administration, head of supply chain and head of strategy and support services. Of the six, five had worked in the company for more than five years hence were deemed to have necessary information for the research study.

Four of the six interviewees formed part of the committee that was set up to implement change management at EAPCC. One respondent had not joined the organisation at the time the committee was being set up while the other was in a lower-cadre position and therefore was not involved in its formulation. This respondent was however aware of the reasons that led to strategic change management implementation.

Given the fact that they were heads of departments, all the respondents had the knowledge of how change that was implemented was being sustained. This, as informed by the interviewees, formed one of their key performance indicators.

4.3 Drivers of Strategic Change Management

Each industry and company has its own unique drivers of change. These are the factors that prompt organisations to adopt change. In the case of EAPCC, the five interviewees who were working in the organisation when change management was implemented cited changes in the organisation's environment, need to improve the organisation's own performance in terms of efficiency as well as attaining the organisation's five year plan as the major reasons that necessitated strategic change management implementation. Changes in the organisation's environment included: entrants of new players in the industry and expansion from the current competitors.

For a long time, the industry was dominated by two companies: EAPCC and BMBC. The two companies could not meet market demand meaning demand was higher than supply. This meant that there was always a ready market for the companies' goods.

When the new entrants came into market, there was an oversupply of cement and for each company to get customers, the companies got into price wars which meant price of cement reduced. Another effect of new entrants into the market was that EAPCC's market share reduced and was taken up by the new entrants. With the organisation's revenue reducing due to reduction in price of cement and the new entrants reducing its market share, the organisation saw it necessary to implement strategic change so as to survive.

The organisation also implemented change management because it needed to attain its strategic five year plan and improve on its operational inefficiencies. At the point when change management was being implemented the organisation had also formulated its strategic five-year plan. The management then saw it necessary to implement change management in order to realise its strategic plan. The organisation had also realised that it had inefficiencies which it needed to do away with for it to remain competitive; and these inefficiencies could be done away with by implementing strategic change.

4.4 Mode of Implementation

The five interviewees who were involved in strategic change implementation stated that the organisation adopted Nadler-Tushman's congruence model to formulate and implement change management. The organisation followed the following eight steps in formulation and implementation of strategic change management: The first stage or step was the identification of the signs of a possible problem that were in existence.

The problems that the organisation identified were reducing market share, inefficiencies in its operations and the need to realise its five-year plan. This stage was followed by the second step which involved the specification of the principal elements of EAPCC. These elements included organizational resources such as human resource, the industry within which the organization operates as well as the strategy for change.

The third and fourth stages, involved identification of outputs and the classification of the identified problems. The outputs were identified in terms of the desired outputs and the actually available outputs. The desired outputs were realisation of the company's five –year plan, sustaining if not increasing its market share and improving efficiencies in the company's operations. In the fourth stage, the problems were classified based on the disparity between outputs desired and those that are actually available. This stage involved the organisation assessing the desired output and what was to be actually realised based on situation at hand. For instance, though the organisation wanted to grow its market share, it first had to deal with maintaining its market share and not losing it to the competitors before it could grow it. The fifth stage involved a description of the components of the organization and a collection of data on them. It was important for the organisation to gather data on its components so that it would know the resources it had at its disposal to enable it implement change.

In the sixth stage the congruence was evaluated between the organizational components while the seventh stage encompassed an identification of the issues that required attention. This included elements that were likely to inhibit the change implementation process which were then addressed in advance This was achieved by a proper linkage of the analysis of congruence to the problem identified. The final step involved a determination of the necessary action steps which were aimed at reducing the problem or removing it altogether thus leading to organizational change. One of the action steps undertaken was to change the organisation's culture. During implementation, it was realised that culture played a great role in the organisation's day to day activities and therefore for change to occur, the organisation's culture had to also change.

The initial stages of change implementation were majorly carried out by supervisors and managers. There were six pillars on which change was going to be anchored on. These pillars were: business process re-engineering, customer and stakeholder engagement, customer focus, employee focus, systems integration and financial focus. Each pillar was headed by a head of department who then had a team of twenty employees to assist in achieving its goal. The company then sought the aid of an auditing firm in implementation of change. Once the teams had been set up, it was noted that union employees were left out of the entire process. Since the union forms a majority of employees, change implementation was bound to meet resistance from this section of employees.

Human resource is the most important resource in change implementation and therefore leaving out a section that formed majority of employees meant that change management implementation was under threat. The change management committee then had to come up with a way of including all the employees. The committee then came up with a 'vikao' system where every employee is placed in a kikao and these vikaos held monthly meetings where they discuss what change management is, how it affects each employee and how best it can be implemented. Each kikao had a member who had undergone intensive change management training, therefore passed on the knowledge to the rest of the employees. The deliberations from the vikaos were then discussed by the change management committee and feedback, if any, was relayed back to the vikaos.

In the initial stages of change implementation, the rate of implementation was very slow such that by the time a change had been implemented the external environment had already changed making the change implemented void. When the management realised this, it adopted the use of change champions to hasten the process of change implementation. The champions' role was to act as link between employees and the change management implementation committee to bolster the function of kikao leaders. The organisation also came up with branded t-shirts, mugs and banners placed all over the company in order to constantly remind all employees of the positive impact of implementing strategic change.

The organisation has been able to sustain implemented change through vikaos which are held monthly up to date. It has also invested in software to enable the company track its performance on change management and attainment of the strategic five-year plan.

4.5 Challenges to Change Implementation

Strategic change implementation rarely occurs smoothly; it always meets obstacles along the way. This was also the case at EAPCC. Employees, especially those that form the union resisted the change citing that they could lose their jobs due to implementation of change management. This, according to interviewees, was due to the fact that they had not been involved from the early stages of change implementation. They therefore did not know what change management was all about and why it was being implemented.

Noticing this, the change management committee started involving all employees so that they could own the change. In some instances, employees who carry out jobs on day to day were asked to suggest changes that could be undertaken in their areas of work so as to enhance efficiency. In so doing, employees started, owning the change. The organisation also took all employees through training on change management in order for all employees to better understand what it was all about.

4.5 Impact of strategic change Management

Reasons that led to change management implementation were both internal and external to the organisation. The external reasons were that there were new entrants into the industry and this had led to reduced market share and reduced revenue for the company. The internal reasons were to address inefficiencies in its operations and the need to realise the company's strategic five year plan.

The interviewees stated that change implementation brought with it an improvement in company performance. The organisation was able to maintain its market share and reduce its operational costs. Through change management, the company was able to identify its major cost centres and used the pareto rule to drive down its costs. Though price wars are still in existence, the company has been able to drive down its costs therefore maintaining its profit.

Through strategic change implementation, the company's strategic plan is in the process of being realised. Though the five years have not yet elapsed, the respondents were optimistic that the strategic plan would be realised.

Change management implementation brought the idea of 360-degree appraisal where an employee is appraised by supervisor, employees on the same cadre and employees whom they supervise. Initially, appraisal used to be carried out only by the supervisors. This has caused a greater adaptation to change since an employee has a better understanding of themselves in a greater perspective hence change where necessary.

EAPCC was able to tend better to customers through change management. The company was able to know better its customer's needs and therefore work at providing them. The company's turnaround time was greatly reduced, which meant that customers got cement in a much shorter period hence to the satisfaction of customers.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary and conclusions of the study. Recommendations, limitations of the study and areas of further research are also discussed in this chapter.

5.2 Summary

The objective of this study was to determine change management practices by East African Portland Cement Company Limited. This included finding out factors that led to implementation of change management in the organization, how the change was effected, whether the change was effected successfully or whether it met obstacles along the way and whether the intended results of the change were met. A case study was used in the study and six interviewees were used to gather data relevant to the study.

The findings were that the major drivers of strategic change at EAPCC were competition, the need to do away with operational inefficiencies and the need to attain company's five-year strategic plan. The company used Nadler-Tushman's congruence eight-step model to implement the change. The major challenge to implementation of change at EAPCC was resistance to change by union employees who feared that through strategic change implementation, they would lose their jobs. The reason for the resistance was because this group of employees had not been involved in the implementation from the beginning. Once they got involved and underwent training, they embraced change.

The benefits that change has brought to EAPCC include maintaining of market share, reduction of operational costs, attaining of goals set in five-year plan, better performance by employees through implementation of 360 degree appraisal system and customer satisfaction.

5.3 Conclusion

The aim of the study was to find out strategic change management practices by East African Portland Company Limited. This was studied by finding out factors that led to implementation of change management in the organization, how the change was effected, whether the change was effected successfully or whether it met obstacles along the way and whether the intended results of the change were met. The study has been able to find out all it intended and concludes that strategic change management was well implemented at EAPCC, addressed all that it was to address and has helped the organisation survive the turbulent environment.

5.4 Limitations of the Study

The study was based on a case study, which is a study of one organisation. It therefore means that the findings of this study might not portray the situation in other organisations.

The employees to whom the interviews were administered to were heads of departments who have very busy schedules. It therefore meant that though they had wanted to share more on the subject at hand, they did not have enough time to do so.

5.5 Recommendations

Based on this study, the organisation's response to the external environment was reactive because it started implementing change after facing increased competition within the industry. I therefore recommend that the organisation takes up a pro-active approach to dealing with changes in its external environment as this will enable it to better handle any changes in its external environment.

5.6 Areas for Further Research

A study on the entire industry should be carried out in order to find out if the findings found on EAPCC apply in all other companies. A study cutting across industries should also be carried out.

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APPENDIX I: Interview Guide

Name…………………………………………………………………………

Position..

Department………………………………………………………………………

No. of years worked at EAPCC..

No. of Years in current position...

1. What factors led to implementation of change at EAPCC?
2. Were the changes reactive or pro-active?
3. Did you play a role in formulating strategic change management at EAPCC?
4. How was the introduction and management of change done at EAPCC?
5. What change management methods have been used in dealing with the change?
6. Were the employees involved prior to change implementation? /if yes, how?
7. What has change implementation been able to achieve at EAPCC?
8. Has the change been sustained? If yes, how?
9. What were the major challenges to change management implementation?
10. How were the challenges encountered during change implementation managed?
11. How did the different stakeholders respond to change?
12. Has change management implementation addressed all the intended intentions it was set out to address? If no, what areas are yet to be dealt with and how best can they be addressed?
13. How would you rate the change management process at EAPCC?

APPENDIX II: Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

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Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 10/10/2014

TO WHOM IT MAY CONCERN

The bearer of this letter JOYCE KHALATI FWAMBAH

Registration No. D61/72321/2011

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

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

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

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
10 OCT 2014
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS