

**CHANGE MANAGEMENT PRACTICES AND EMPLOYEE
PERFORMANCE AT KENYA POWER AND LIGHTING
COMPANY LIMITED**

BY

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DECLARATION

This research study is my original work and has not been presented to any other institution for any academic award.

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

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DEDICATION

I dedicate this project to my beloved parents for their continued support .To you I bestow the forte of boundless scholarship. To my late grandfather Francis Mbogori and Late uncle Peter Mbogori; heaven should have waited. For endless support received from my siblings Kevin Murithi, Evans Mururu, my God sister Felistas Murugi, Moses Mbaabu and friends, I give boundless thanks.

God bless you.

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TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
LIST OF ABBREVIATIONS	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Change Management Practices.....	2
1.1.2 Employee Performance.....	4
1.1.3 Electricity Sub-sector in Kenya	6
1.1.4 Kenya Power and Lighting Company	7
1.2 Research Problem	9
1.3 Study Objectives	12
1.4 Value of the study	12
CHAPTER TWO: LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Theoretical basis of the study	14
2.3 Change management practices and employee performance.....	17
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research design.....	20
3.3 Data Collection.....	21
3.4 Data Analysis.....	21

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND

DISCUSSION.....	22
4.1 Introduction	22
4.2 Response Rate.....	22
4.3. Findings of the study.....	23
4.3.1 Change management practices.....	23
4.3.2 Change management practices and employee performance.....	24
4.3.3 Leadership commitment to Change management.....	26
4.3.4 Organizational structure	27
4.3.5 Stakeholder involvement	28
4.4 Discussion of the findings	28

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND

RECOMMENDATIONS.....	31
5.1 Introduction.....	31
5.2 Summary of the Findings	31
5.3 Conclusions.....	32
5.4 Recommendations	33
5.5 Limitations of the Study.....	34
5.6. Suggestions for further Research.....	34

REFERENCES.....	35
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APPENDICES

Appendix I: Introduction letter	38
Appendix II: Interview guide	39

LIST OF ABBREVIATIONS

Co. Ltd	Company Limited
KPLC	Kenya Power and Lighting Company
TQM	Total Quality Management
BPR	Business Process Re-engineering
KENGEN	Kenya Electricity Generating Company
IPP'S	Independent Power Producers
KETRACO	Kenya Electricity Transmission Company
ESRP	Energy Sector Recovery Project
REA	Rural Electrification Authority
NSE	Nairobi Stock Exchange
ERC	Energy Regulatory Commission
GOK	Government of Kenya

ABSTRACT

Organizations worldwide are confronting more turbulent markets, more demanding shareholders, and more discerning customers, and many are restructuring to meet such challenges. Change is always happening, like a river winding its way to the ocean; it never ceases. Continuous and overlapping change has become a way of life in the corporate environment. Leaders who want to get ahead in today's market place must learn to respond to a growing number of changes in how they structure companies, conduct business, implement technology, and relate to customers and employees. While most organizations focus on deciding what to change to improve company performance and quality, the human element of executing these decisions is often left unattended. To successfully implement major change, companies must find the connection between the organization, the worker, and the change initiatives being introduced. That connection is achieved by fostering resilience among individuals in the organization. Change is uncomfortable, and adapting to change is messy. But change is vital; it defines life itself. The key is to learn how to embrace the changes that face us both professionally and personally. The world is always changing with time, and managers face complex and challenging pressures and opportunities. Faced with stiffer competition and dizzying technological advances, companies often must change course to stay competitive. The changes must inevitably improve employees performance, however in order to achieve high performance through employees, the organization must consider them as assets and must treat them with attention so that they become productive (Harrington, 2003). The study sought to fill the existing gap in knowledge by establishing the effect of change management practices on employee performance at KPLC. Hence the question: what are the effects of change management practices on employee performance at KPLC? The study will facilitate individual Researchers to identify gaps in the current research and carry out research in that area in future. The Research Study used case study research design in collecting the data from respondents. Data was collected from five key departmental heads using an interview schedule, the data was then analyzed using content analysis and presented as descriptive notes. The respondents interviewed were top managers and middle level managers in charge of Corporate Strategy Planning and Communication, Human Resources and Administration, Information Technology and Telecommunication Departments. The research was limited to eight (8) respondents since they are considered as key informants for this research and representative of the management and key change agents. They are also a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems. During and after change management the organization requires different sets of skills to achieve certain level of performance; employees who remain after the change process are left with a huge work load and this places them under extreme stress during the period of strategic change. There is need for KPLC to provide adequate support and development to managers to help drive change through the organization; to reduce the levels of uncertainty in the organization and facilitate acceptance and improved performance by communicating to employees. Employees who are affected by organizational changes need to be trained and also be given the opportunity to vent their feelings through consistent communication and listening process. The constant review of the job performance levels of the employees who are handling redesigned jobs so that they can be able to take remedial action in case of poor performance by the employees.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In an age of global competition, technological innovation, turbulence, discontinuity and even chaos, change is inevitable; (Armstrong, 2003). Every effort should therefore be made to protect the various stakeholders affected by change. These are aimed at aligning an organization with the changing demands of its business environment and capitalize on business opportunities. Change management is a structured process that causes proposed changes to be reviewed for technical and business readiness in a consistent manner that can be relaxed or tightened to adjust to business needs and experience.

Change management is aligned to employee performance in all functional areas of the organization (Fred, 2003). In order for change to be successful in an organization, a work environment requires dynamic people, processes, systems and culture (Kurb, 2002). Therefore all the stages of the change process should be followed to avoid affecting the employee's performance. Organizations which successfully manage change are those which have integrated their human resources policies with their strategies and the strategic change.

The energy sector in Kenya, like all other sectors in the economy is operating in an extreme turbulent environment characterized by increased competition , the ever changing technology, adoption of total quality management (TQM) and application of business process re-engineering (BPR). TQM is an organization's wide effort to improve quality through changes in structure, practices, systems and attitudes (Kurb, 2002). BPR refers to initiatives, large and small, radical and conservative, whose

common theme is the achievement of significant improvement in organizational performance by augmenting the efficiency and effectiveness of key business processes.

1.1.1 Change Management practices

Change management is a set of processes that are employed to ensure the significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1995).

Weinrich and Koontz, (2004), describe the change process using Lewin's model. The process involves a three step approach for introducing change; unfreezing, moving and refreezing. The first process of unfreezing the present level, involves reducing forces by re-educating and convincing those involved of the need for change. The second step is changing or moving to the new level, which is concerned with the development of new ideas, values, attitudes and behaviors. The third step is re-freezing. This is stabilizing the new state of equilibrium so that new ways of working are safe from regression. This is done through recruitment, induction, reward systems and cultural reinforcements.

The three step model has been supported by Dessler, (2002), who says that leading an organizational change is a multistep process. He talks of a ten step change process that begins with establishment of a sense of urgency, mobilizing commitment through joint diagnosis of problems, creating a guiding coalition of influential people, developing a shared vision, communicating the vision, helping employees to make the change, generating short term wins, consolidating gains and produce more change, anchor the new ways of doing things in the company's culture and finally monitoring progress and adjust the vision as required.

Burnes, (2000), talks further of the three phases of planned change. These include planning phase, action phase and integration phase. The planning phase involves understanding organization problems through collecting information to diagnose the problem, establish goals and design appropriate actions to achieve the goal. The second phase which is action phase is whereby an organization implements changes derived from planning phase while the third phase which is integration involves stabilizing change for it to become part of the organization. This is done through reinforcing new behavior, feedback and reward systems for employees. McMillan and Tampoe, (2000), have supported Burnes three step approach by describing four major phases of a change project. These are initiation, change process design, implementation, review and consolidation.

Initiation involves analyzing the changes needed and building a case for them. The change initiators are highly involved in this phase. The second phase which is the design phase, involves defining the new changes needed, designing the new order and change vehicle and preparing the ground for successful change implementation. Those involved in this phase are the change designers. The third phase, implementation phase involves creating new structures, product, culture and processes that need to be put in place for the organization to face its new future. The final phase of change, which is review and consolidation phase, requires the strategic implementation team, line managers and staff to ensure that changes work and to highlight any modification needed.

One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the goal of an orderly and effective transformation.

The introduction of change brings a lot of resistance and conflict with the employees. This is because change in 'status quo' brings in apprehension as no one knows what the outcome maybe.

Due to intensified local and international competition, change management is essential for the survival of any business as well as improved employees performance. Globalization has forced many companies especially parastatals to adopt international standards. Those companies that do not implement change effectively find themselves out of business hence employees productivity is lowered.

Change management must prepare and anticipate the likely reactions of employees and determine how to deal with them .The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Adopting to change in an organizational is a very difficult goal to achieve, not only because it is unrecognized, but because once set, commonly shared interpretations, values, and patterns are difficult to modify. However, once it has been determined that strategic change is a desired objective, members of an organization can engage in a set of steps that was put a change process in motion, (Cameron, 2004).

1.1.2 Employee performance

Performance is defined as the conversion of efforts into productivities in order to achieve some particular results (Kaplan and Norton 1996). Armstrong and Baron (2000) base the theory of performance on the assumption that if the performance levels of individuals can be raised somehow, better organizational performance was follow as a direct result. In his book, *The Human Equation*, Pfeffer (1998) describes how companies achieve profitability by putting people first. Numerous business practices have been put forth that suggest management practices can affect performance in

positive ways. These include training, performance management, and rewards and incentive systems (Deng, Menguc, and Benson, 2003).

Jackson and Mathis, (2003), define the concept of employee performance as what an employee does or does not do. Baldwin, (2003), adds that performance is carrying out actions effectively and efficiently to meet agreed job objectives. Employee performance may be influenced by a number of factors such as motivation, training, innovation, participation and improvement of communication channels.

The study carried out by Fedor (2006) asserts that employee performance is impacted by a three-way interaction of the overall favorableness (positive/negative) of the change for the work unit members, the extent of the change in the work unit and the impact of the change on the individual's job. Commitment to the change reached its highest level when the change demands occurred primarily at the unit level, change demands at the individual level were low, and the change was deemed favorable, if the change was seen as unfavorable commitment of employees dropped(Fedor,2006). If the employees felt that they carried the burden of the change on their shoulders, commitment dropped. The finding may have an implication for the relationship between employee performance and change management.

Job performance of employees plays a crucial factor in determining an organization performance. Highly performing individuals are able to assist organization to achieve its strategic aims thus sustaining the organization competitive advantage (Dessler, 2011).In general it has been associated with the ability of the individual employees realizing their respective work goals, fulfilling expectations as well as attaining job targets and/or accomplishing a standard that are set by their organizations (Armstrong and Baron, 2005).

An empirical study by Ashford and colleagues (1989), depict that employees should be fully involved and allowed to participate in the introduction of a change in the organization. The study further states that employee innovation should also be encouraged since it was in the long run enhance employee creativity which may be used to effect new changes. This is done through getting strong support from the top management, improving the working conditions, allowing the employees to participate, providing job security and designing the required system that encourages innovation and recognizes success in achieving change.

In the past employees feelings and contribution to the organization was not viewed as very important. However in the Early 1930's the Human Relations Approach was advanced as a result of experiments done by Elton Mayo; Hawthorne experiments. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. Organizations which successfully manage change are those which have integrated their human resources policies with their strategies and the strategic change The measure of organizational performance can be divided into two distinct functions; the financial function mostly announced at the end of every financial year in terms of profitability and the non-financial function mainly measured by the company welfare, its participation in corporate social responsibilities, customer satisfaction, efficiency in production and ability of the company to honor its statutory obligations.

1.1.3 Electricity Sub-sector in Kenya

The electricity sub-sector in Kenya is marked as one of the most important in achieving vision 2030 economic blue print. In the electricity subsectors we have the generation of electricity mostly done by Kenya Electricity Generating Company (KENGEN) and

Independent Power Producers (IPP'S) and the transmitting and distributing currently mostly done KPLC and KETRACO.

In the year 2004, the Energy Sector Recovery Project (ESRP) was started to rehabilitate and reinforce the transmission and distribution network in order to improve the quality and reliability of supply, reduce system losses and increase access to electricity. Further, in 2007 the Rural Electrification Authority (REA) was established to speed up the implementation pace of the rural electrification programme. In 2008, Kenya Electricity Transmission Company (KETRACO) was incorporated by the government to accelerate transmission infrastructure development. Further, the government incorporated the Geothermal Development Company which was tasked with developing steam fields to reduce upstream power development risks and promote rapid development of geothermal electric power.

The research concentrates on KPLC which is a key player in the electricity sub-sector with the mandate of purchasing bulk electricity supply, generate electricity in off-grid areas and transmit power to end users throughout Kenya.

1.1.4 Kenya Power and Lighting Company Limited

The Kenya Power and Lighting Company, (KPLC) is a limited liability company responsible for the transmission, distribution and supply of electricity throughout Kenya. Its key operations include: Ensuring sufficient transmission capacity to meet forecasted demand; Planning, design, construction and maintenance of the distribution network; Retail of electricity to the customers who are over 600,000. The company was incorporated in 1922 as East Africa Power & Lighting (EAP&L) although its history dates back to 1878 when the sultan, Seyyid Barglesh Bin Said of Zanzibar bought a

generator from England that he used to light his house and a few streets in the town. Later he purchased a bigger generator that he used to supply electricity to a few settlers in Mombasa town.

The company changed its name to Kenya Power & Lighting Company limited in 1983 after the breakup of the East African Union through a special resolution of the shareholders. It is managed by the Board of Directors appointed by the Government and it is a blue chip company quoted in the Nairobi Stock Exchange in 1954. The Tana River Company (TRDC) incorporated in 1964; the Tana and Athi Rivers Development Authority established in 1974, and the Kerio Valley Development Authority established in 1979 all catering for generation concerns were managed by KPLC under various agreements.

KPLC maintained a monopoly status in generation transmission and distribution of electricity until 1998 when the Government of Kenya (GOK) developed a board energy sector reform strategy under its policy framework paper (1996-1998) under the energy sector restructuring programme; KPLC was split into two corporate entities namely KPLC and KENGEN. KPLC's power generation functions were taken over by KENGEN leaving only the transmission and distribution functions. Electricity Regulatory Board was established as a regulatory whose functions included among others, ensuring quality of supplies and approving electricity tariffs charged by KPLC (KPLC Annual Financial Report 2000- 2003).

Kenya Power is committed to providing high quality customer service by efficiently transmitting and distributing high quality electricity that is safe, adequate and reliable at cost effective tariffs. The Board, Management and staff of Kenya Power are committed to effective implementation and continual improvement of the Quality

Management System that complies with ISO 9001:2008 in order to consistently meet its customers and other stakeholder's requirements and expectations.

The company has undergone various strategic change initiatives from 1998 to-date, namely BPR, restructuring and retrenchment program, zonalisation of service centers and job evaluation, all with mixed results with the latest being the introduction of re-branding in May 2011, which brought about change to the whole organization by changing its Logo, Mission Vision and Values.

1.2 Problem Statement

Change management is the process of taking a planned and structured approach to help align an organization with the change. It involves working with an organization's stakeholder groups to help them understand what the change means for them, helping them make and sustain the transition and working to overcome any challenges involved. Ansoff and McDonnell (1990) assert that change has become increasingly complex and discontinuous from the past experiences. Accelerated by the frequency of changes and rate of diffusion of change, today's world has moved from being evolutionary to revolutionary.

Fay and Luhrmann (2004) point out that, organization are constantly being forced to go through continuous adaptation due to forces of globalization, increased competition, changes in information technology and deregulations. The World is continuously changing and so organizations in it need to change in order to survive (Greenberg & Baron, 2002). During the last two decades the public sector has come under increasing pressure to improve performance and demonstrate greater transparency and accountability. This pressure has resulted in public sector organizations facing shifts in ways of operating.

The current operating environment in which Kenya Power and Lighting Company has become too turbulent and the changes experienced are happening at faster rates than never before. Consequently, many techniques used by the company on daily basis to manage their affairs tend to become outdated overnight. In the past ten years, the company has undergone major strategic changes in its business processes and portfolio as well as in its organization structure. These changes entailed rebranding and culture change which was primarily provoked by structural changes, particularly mergers and acquisitions, spin-offs or divestment, which have a fundamental effect on the corporation's identity and core strategy. The correlation to organizational culture theory is closely linked to idea that an organization has a unique identity and culture. The values (symbolic benefits) connoted via the employer brand are rooted within the organizational identity and culture, and thus used to attract and retain employees (Edwards, 2011) .Thus, the employer brand is build upon the idea of creating a strong organizational culture, which motivates current employees and attract potential. Therefore, the employer brand both affects and is affected by organizational culture and identity.

The external changes that have been facing the organizations provide an avenue for thinking. The company must therefore continually be innovative and adaptive to new change management practices and techniques in line with the changing world. While there is a growing body of knowledge dealing with the management of corporate change, there are still significant gaps in understanding the process. Minket *al.*, (1993) observe that in today's business environments, learning about change, planning for and implementing major changes must be considered highest priority for the long term survival and prosperity of an organization. This is because management of change is a

complex process, which many organizations get wrong. As the business environment changes at a never-heard rate of speed, companies are experiencing new trends, including privatization, internationalization, globalization, and high-tech breakthroughs. To weather all these trends, companies need to act agilely, to respond to change quickly, to maintain their competitive edges, and to ensure they can sustain in the market place.

There are many studies that have been done regarding change management practices. Misoi (2011) researched on change management practices at PZ Cussons East Africa Limited and found out that PZ Cussons in the recent years has experienced some change and have applied change management practices. Most notably were the drastic changes in top management, downsizing and rightsizing. The main factors that influenced the changes in the company were drastic changes in the business environment. Kihara (2010) change management practices by the Kenya Road Authorities and found out that the factors that influenced the adoption of change management practices in the Kenya Road Authorities. The demand for better roads and change in the environment and the needs of all stakeholders including road users, investors and financiers has also influenced change management practices in the Kenya Road Authorities. Joan (2012) studied Change management practices in. The findings were that change management issues were the responsibility of the management and the executive committee comprised of management and other selected staff members.

However, the literature cited above indicates that there has been no study focusing on the change management practices and adopted in response to KPLC and how effective the were the practices. This study therefore was sought to fill the existing gap in knowledge by establishing the effect of change management practices on employee

performance at KPLC. Hence the question: what are the effects of change management practices on employee performance at KPLC?

1.3 Objectives of the Study

The objective of the study was;

1. To identify change management practices at KPLC.
2. To examine the effect of change management practices on employee performance.

1.4 Value of the Study

The study was of great benefit to researchers and scholars as they use it for and a point of reference for future studies and contribute to the existing knowledge both in the private and public sector. Researchers also use it as an impetus for further research on the subject matter by exposing them to real problems in the organization and fill gaps eminent in the field of change management practices.

The study was of value to the management of KPLC as they needed to know the value of having the right techniques to undertake strategic change in the energy sub-sector so that they can achieve competitive advantage over its competitors. An additional beneficiary in this research may include organizations that are looking to undertake change management so as to overcome competitive challenges. The study will help managers in various organizations understand the practices of change management and thus use them when undertaking change management in their organizations.

The study was intended to facilitate increased service delivery resulting from effective change management. The government and regulators in the industry would also find invaluable information on how good change management can be adopted, and as a result put in place policies that was guide and encourage other firms within and without the industry in implementing their change.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature that has been put forward by different authors to give critical analysis on some of the thoughts presented in past studies.

2.2 Theoretical basis of the Study

The roots of change management are found in the science of psychology (Burnes 2004). Many of the techniques helping people deal with traumatic emotional issues have been applied to help people deal with dramatic changes in how they earn their livelihoods. Thus many theorists and practitioners alike propose the utilization of change management techniques to successfully deal with the change process. According to Burnes (2004), there are three schools of thought that form the basis on which change management theory stands.

The first school of thought is the individual perspective school, which involves learning how behaviors are acquired. In this school of thought there are two camps of supporters. One camp of supporters is made up of “behaviorists” who views behavior as resulting from an individual’s interaction with their environment. They view behavior as learned and all individuals are passive recipients of external and objective data. Learning takes place through external stimulus such as rewards, punishment and reinforcement. Beyond stimulus, there has to be reason, which is the ability to interpret the stimulus. In order to change behavior, it is necessary to change the conditions that cause it (Skinner, 2008). The other group is made up of “Gestalt-Field psychologist”, who argues that an individual’s behavior is the product of the environment and reason

(Burnes, 2004). Here learning is a process of gaining or changing insights, outlooks, expectations or thought patterns. Behavior is not just a product of external stimuli, but rather it arises from how the individual uses reason to interpret these stimuli. Proponents seek to help individual members of an organization change their understanding of themselves and their situations and this essentially changes their behavior (Smith *et al*, 2006). The dynamics school of thought suggests that group behavior is an intricate set of symbolic interactions and forces that not only affect group structures, but also modify individual behavior. It also emphasizes on bringing about organizational change through teamwork rather than individuals (Bernstein, 2009). In order to bring about change, it is useless to concentrate on changing behavior of individuals. The focus on change must be at the group level and should concentrate on influencing and changing the group's norms, roles and values (Smith *et al*, 2002).

Thus, the group dynamics school of thought is seen to be very influential in developing both the theory and practice of change management. By nature, organizations are open systems and this school of thought views them as being composed of a number of interconnected sub-systems. It follows that any change in one sub-system will have an impact on the other parts of the system and consequently on its overall performance.

The objective of the open systems approach is to structure the functions of a business in such a manner that through clearly defined lines of coordination and interdependence, the overall business objectives are collectively pursued (Burnes, 2004). There are four major subsystems in organizations as suggested by Miller, (2003) which consist of the goals and values sub-system (strategic plan, policies and regulations), technical sub-system (inputs and outputs) and the managerial sub-system. The process of change has been characterized as having three basic stages: unfreezing, changing, and refreezing. This view draws heavily on Lewin's (1951) adoption of the

systems concept of homeostasis or dynamic stability. This view has shortcomings in that it doesn't allow for change efforts that begin with the organization in extremis (already 'unfrozen'), nor does it allow for organizations faced with the prospect of having to 'hang loose' for extended periods of time (staying 'unfrozen'). In other words, the beginning and ending point of the unfreeze-change-refreeze model is stability which, for some people and organizations, is a luxury. For others internal stability spells disaster. To cope with this complexity, Pettigrew and Whipp (1993) proposed a model of strategic and operational change which involves five interrelated activities: environmental assessment, leading change, coherence, linking strategic and operational change, and developing human resources. By undertaking these activities, organizations can cope with uncertainty by becoming open learning systems, with strategy developments and change emerging from the way the company, as whole acquires, interprets and processes information about its environment. Clarke (1994) took a similar view, arguing that an organization's survival and growth depends on identifying environmental and market change quickly, and responding opportunistically.

Benjamin and Mabey (1993:181) pointed out that the primary stimulus for change remains those forces in the external environment; the primary motivator for how change is accomplished resides with the people within the organization.

Change in the external environment, therefore, require appropriate responses within organizations. In response, the supporters of the emergent approach state, that should promote extensive and deep understanding of strategy, structure, systems, people, style, and culture and how these can function either as sources of inertia that can block change, or alternatively, as levers to encourage an effective change process (Dawson, 1994; Pettigrew and Whipp, 1993). A major development in this respect is the move to

adopt a 'bottom up' rather than 'top down' approach to initiating and implementing change. The case in favor of this move is based on the view that the pace of environmental change is so rapid and complex that it is impossible for a small number of senior managers effectively to identify, plan and implement the necessary organizational responses. The responsibility for organizational change is therefore of necessity becoming more devolved. Pettigrew and Whipp (1993:6) conclude that there are no universal rules with regard to leading change; rather it involves 'linking action by people at all levels of the businesses. Nevertheless, though the concepts of universally applicable rules for change are rejected, supporters of the emergent approach do tend to stress, features of organizations that either promote or obstruct success these are structures and cultures.

2.3 Change Management Practices and Employee Performance

Management should come up with strategies to introduce and implement change. The strategies to be applied should be carefully chosen as they may either have a positive or negative impact on the performance of employees. This may be effective by use of groups, introduction of change agents, effective leadership and training of the employees and effective communication channels. Kandula (2007) says that groups are the most effective medium and targets for achieving change. You need to gain their support and commitment. This has further been supported by Johnson and Johnson (1991) who claims that effective change management promotes a situation in which members of an organization see their work benefit group matters and their group mates' work benefits them. In groups that communicate effectively, workers perceive that they can achieve organization goals only if all of their groups attain their goals. This contributes towards achieving significant and sustainable improvement in performance.

Change agents may also be used to effect change in an organization. Armstrong (2003) says that change agents should be chosen from people in the organizations who are always ready to welcome change. Huczynsky and Buchanan (2007) observe that for change agents to be successful, they should possess skills such as ability to work independently without management power, should have self-confidence and be effective collaborators. They should also have respect for the process of change. According to Hill and Mc Shane (2008), when managers decide to institute radical change, they may turn to an outsider, who does not share their ideas and cultural values. Training and communication as strategies to introduce change have been supported by Kotter (1996) who says that people can be empowered to equal change through effective communication, providing training on required information and confronting supervisors who undercut the need for change.

Sagimo (2002) says that the rapid rate of technology, social and economic changes have put employees on systematic training to ensure that people become capable of learning about and adapting to these changes. He further says that employees are trained to be able to respond to change in products, technology, market and legislation. Ian (2006) states that many management development and training activities are concerned implicitly with reinforcing and managing culture for example, if a company wishes to instill a collective value of better customer care, then it is facilitated through training and development.

Huczynski and Buchanan (2007) claim that required change in skills, knowledge and attitude and behavior can be encouraged through special tailored training and development programs. They further say that employees must be trained to improve performance standards, job satisfaction, reduced costs and high customer satisfaction. Finally, Bernadine (2003) contributes that training was change attitude and stereotypes,

reduce conflict, improve communication and work relationships and enhance creativity and improved progress and satisfaction.

Finally in choosing leadership as a change management strategy, Hill and Mc Shane (2008) say that for change to be successful leaders need to be committed and loyal to the whole process of change by supporting it. The two authors claim that for leaders to convince employees of the need for change they may have to draw all their communication abilities. Atkinson (2005) says that leaders are rewarded for getting others achieve their results. This is because they know they cannot do it alone hence the need to generate commitment and enthusiasm from others, be persuasive and create relationships based on mutual trust. It is therefore important for leaders to involve and gain commitment of others in order to successfully achieve change in an organization. Armstrong (2003) comments about guidelines for managing change such as strong commitment and leadership from top management and understanding organizational culture and levers of change. He concludes by saying, those concerned with managing change should have temperament and leadership skills appropriate of the organization and its change strategies. Organizations cannot change unless their leaders recognize the need for change. Change management strategies are therefore beliefs, attitudes, values and ways of employees so that they can be better in adapting to new technology, market and challenges.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The specific areas of coverage in this chapter include; research design, the data sources, data collection and analysis.

3.2 Research Design

A case study was the most appropriate research design for this research. This is an in-depth investigation of an individual, institution or phenomenon. Case studies allow a researcher to collect in-depth information, more depth than in cross-sectional studies with the intention of understanding situations or phenomenon. It also helps to reveal the multiplicity of factors, which have interacted to produce the unique character of the entity that is subject of study.

The choice was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena.

3.3 Data Collection

The study involved use of primary data which was to collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. The respondents to be interviewed were top managers and middle level managers in charge of Corporate Strategy Planning and Communication, Human Resources and Administration, Information Technology and Telecommunication Departments. The research was limited to eight (8) respondents who were considered as key informants for this research and representative of the management and key change agents. They

were key informants and assisted in understanding the context of an organization, or clarifying particular issues or problems. One of the advantages of one-to-one interview is that it is far easier to transcribe when the talk involves just one interviewee. Therefore, structured open-ended questions were qualitative and used to determine the change management practices and they are based from the literature review.

The choice of the respondents is very important, as senior executives who are the head of the organization and are able to foster organizational objectives. Furthermore, they may provide access to more significant and useful secondary data .The interviews questions are semi-structured so that some questions can be omitted or added if some new and useful information come up in the course of the process

3.4 Data Analysis

The data obtained from the interview guide was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). This involved observation and detailed description of objects, items or things that comprise the object of the study.

Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was to more appropriate for the study because it allows for deep sense and detailed accounts in changing conditions. Thus the qualitative method is suitable for this research because the research was conducted within the environment where the implementation initiatives occur.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the research intended to fulfill the objectives of the study which determine the effect of change management practices and employee performance at the KPLC.

4.2 Response Rate

The study focused on six respondents as they were found to be appropriate for the study. The response rate was 75% as six respondents out of the targeted eight were accessed and interviewed. They comprised of top managers and middle level managers in charge of Corporate Strategy Planning and Communication, Human Resources and Administration, Information Technology and Telecommunication Departments.

4.3 Findings of the Study

All the six respondents indicated that they have participated in change process Kenya Power and Lighting Company. The respondents indicated that employees' job performance is crucial to company's overall performance as highly performing employees will be able to facilitate the company to achieve its strategic aims thus sustaining competitive advantage. However individual employees must be able to realize their respective goals and aspirations and expectations and thereby then be able to attain job targets and standards that are set by the management.

4.3.1 Change management practices at Kenya Power and Lighting Company

The study established that the change management practices employed at KPLC are; communication planning, employee participation, leadership commitment, organizational structure and stakeholder involvement. These practices were utilized by Kenya power in dealing with the changes both anticipated and unknown.

At KPLC, strategic changes included 3 things: Contents which consist of areas within the organization and technical aspects that must be changed; People which consists of mindset changes, behaviors and culture that are required in the change and processes which are the actions to be taken to plan, establish, and implement all changes in an integrated and comprehensive manner.

In the year 2011, senior executives at KPLC had a simple goal for themselves and their organizations, stability. Shareholders wanted little more than predictable earnings growth and because many markets were either closed or undeveloped, leaders could deliver on those expectations through annual exercises that offered only modest modifications to the strategic plan. Prices stayed in check, people stayed in their jobs and life was good. Market transparency, labor mobility, global capital flows, and instantaneous communications have blown that comfortable scenario to smithereens. In most industries and in almost all companies, from giants on down heightened global competition has concentrated management's collective mind on something that, in the past, it happily avoided, change. Successful companies, as Harvard Business School professor Rosabeth (1999) states develop "a culture that just keeps moving all the time."

Kenya power had experienced several changes both internal and external that had forced the management to go back to the drawing board to re-evaluate the way forward.

Times had been turbulent and KPLC had to re-strategize in order to stay afloat. What internal and external triggers might prompt a company to seek change? Examples include lackluster or even declining sales or profits. A company's competitors may have done something recently that is eroding its market share, or state or federal government may have mandated compliance with new regulations. On the positive side, senior managers may have a vision of how the company could perform much better than it does now, and want to lead the company toward its realization.

4.3.2 Change Management Practices and Employee Performance

According to the six respondents in this study one strategy for reducing resistance in employees mentioned frequently in organizational change literature is to involve the employees in the change or to empower them to make changes themselves. Empirical studies have supported the efficacy of this strategy for successful implementation of change, especially within the public sector (Warwick, 1975, Denhardt and Denhardt, 1999; Poister and Streib, 1999). However, employee involvement alone is not sufficient with managers still playing a critical role encouraging and rewarding innovation and expressing support the change.

The six respondents in the study were torn in the middle when it came to the aspect of employee participation in the change management process. With almost half feeling they were involved while a similar population feeling they were not involved in the change process Due to employees' engagement and close relationship to organizational commitment, understanding organizational commitment's relationship to change management may provide some valuable insight. Employee involvement is a necessary and integral part of managing change. Managing change is not a one way street.

Feedback from employees is a key element of the change management process. Therefore there is need for KPLC top management to review this process for any subsequent change management to reduce resistance.

Too often, change leaders make the mistake of believing that others understand the issues, feel the need to change, and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practicable. Communications flow in from the bottom and out from the top, and are targeted to provide employees with the right information at the right time and to solicit their input and feedback. Often this will require over communication through multiple, redundant channels.

Respondents reported that Kenya power has four main communication channels that were highlighted by the respondents namely; Telephone, e-mails, Stima news magazine and team talks. Many managers assumed that if they communicate clearly with their employees, their job was done. However, there are many reasons why employees may not hear or understand what their managers are saying the first time around. In fact, you may have heard that messages need to be repeated 6 to 7 times before they are cemented into the minds of employees. That is because each employee's readiness to hear depends on many factors. Effective communicators carefully consider three components: the audience, what is said and when it is said.

The study respondents (managers) in KPLC believed that there has been tremendous improvement in the communication process over time. Especially with culture change, there is increased use of phone for business rather than gossiping and the top

management is just an email away. Team/group talks have also reduced an easiness that used to be experience among teams hence fostering team spirit. These have contributed towards improved work environment and quality customer service.

4.3.3 Leadership Commitment to Change Management

Leaders of large change programs must over perform during the transformation and be the zealots who create a critical mass among the work force in favor of change. This requires more than mere buy-in or passive agreement that the direction of change is acceptable. It demands ownership by leaders willing to accept responsibility for making change happen in all of the areas they influence or control. Ownership is often best created by involving people in identifying problems and crafting solutions. It is reinforced by incentives and rewards. These can be tangible (for example, financial compensation) or psychological (for example, camaraderie and a sense of shared destiny).

KPLC undertook re-branding and culture change from parastatal mentality to customer focused organization ready to meet customer demands; hence for these changes to be successful team leadership was essential. The top management involved the supervisors and managers in the re-branding and culture change for them to act as change owners. Once managers and supervisors were on board, the change management team prepared a coaching strategy and training. This made it easier for the top management to implement the change process, since they had foot soldiers on the ground.

4.3.4 Organizational Structure

An effective organization is one where there is a good strategic alignment between the mission, the structures and the subsequent human resource management policies and procedures which support people in achieving the goals of the organization. Kenya power put a lot of focus on culture change and re-branding so as to bridge the gap between where we are and where we need to be. Employees need to identify the new values needed as well as highlighting how this shift can happen. When an organization only focuses on one or two of these elements, the change is dysfunctional. To succeed, the three strands need to be dealt with. Strategic management is the task of keeping the three of these strands from becoming unraveled in the face of problems in one area. These include the mission and strategy of the organization, the structure and the human resource procedures.

To achieve the desired changes KPLC organization structure was re-organized by putting more staff on customer care and reducing the back office roles. The structure also provided a clear communication flow top down and bottom up to help in bridging the gap that existed between the top management and other employees of the lower cadre. According to the respondents there is now a clear communication line and the CEO is approachable and accessible (just phone call or email away) creating a team spirit of being one as KPLC family.

Although the previous organizational structure had been reviewed to reduce the levels of reporting, it still provides the ambiguity in communication. According to the respondents there is need to further review the structure to provide for clear reporting lines without creating conflicts among units with clear power. This will help Kenya

power to achieve its vision and hence improve working environment for staff and better service for customers.

4.3.5 Stakeholder Involvement

Managers at KPLC have developed support from political overseers and key external stakeholders over time by virtue of being half owned by government. Organizational change depends on the degree of support from political overseers and other key external stakeholders. The impact of these actors on the outcome of change efforts stems in part from their ability to impose statutory changes and control the flow of vital resources to public organizations. Political overseers can influence the outcome of planned change by creating and conveying a vision that explains the need for change, as well as by selecting political appointees who are sympathetic to the change and have the knowledge and skills required for managing the transformation.

According to the respondents, KPLC has had a great long spell of government support and this has led to better engagements with external stakeholders. They observed that good relations with government led to the former CEO being appointed permanent secretary to the cabinet and also recent cabinet decision to waive charges to Kenya power by county governments to ease cost of power in the country.

4.4 Discussion of the Findings

Several studies have been undertaken in the field of change management both at Kenya power and other organizations in Kenya. The goal of the study is to enhance the performance of organizations and management of change to reduce resistance. Organizations should use the findings of the studies to check on their failures and look inwardly on the solutions to their problems.

Ongegu (2011) in his study to determine the challenges faced by Kenya Power in the implementation of the change program of the Energy Sector Recovery Project found that culture change took long to percolate to all levels due to the large number of employees at Kenya Power. The organizational structure was also tall with many levels of reporting, communication channels were inefficient and the members of staff were not adequately prepared on change management as well as project management. While these study findings agree with Ongegu's findings on organization structure and communication channels having been inefficient, much has been done to improve the situation. There are better communication channels like the e-mail and face to face group talks while the structure had been reviewed overtime. The respondents suggest continual improvement of communication channels and further simplification of organization structure to reduce reporting levels for efficiency.

Mugo (2010), in his study to understand the effectiveness of strategy formulation and implementation at KPLC and how the company has responded to the challenges of formulating and implementing its strategies found out that KPLC had decentralized services by creating Strategic Business Units all over the countries which are responsible and accountable of their activities in this respective areas. In response to the challenge of service delivery efficiency the company had developed service delivery standards. To enhance the achievement of its goals the company had developed new vision, mission and core values. Just like any other organization undergoing change, KPLC had encountered resistance to change from some members of staff. But however through increased communication, training and recruitment of new staff, the resistance had been contained.

Mugo (2010), study might have not concentrated on change management at Kenya power, his findings on employee resistance to change and training to reduce the resistance are way in line with these study. Respondents in this study acknowledge that there was minimal employee involvement in the change process, rather theirs was to implement which creates resistance. Hence the need to engage all employees at all levels in the entire change management process and offer training to enhance their confidence and skills to implement the change.

This study also highlights the need to involve the stakeholders like the customers, suppliers and the policy makers in the change process. These will help integrate all efforts in achieving the desired change. For example if the customer is involved in providing suggestions and feedback they will own the product as truly there, while suppliers will provide quality products and services as they share in your vision. Hence subsequent change process at KPLC and any other organization should take stakeholder involvement with the seriousness it deserves.

Arguably, change practitioners (i.e. managers and consultants) are often immersed in the everyday life of organizations to an extent which makes it difficult to see beyond organizational ends. However, as academics, we are perhaps better placed to step back from the hegemonic grasp of corporate interests and acknowledge our responsibility to the wider society. Hence, our role as scholars is not simply to educate the managers of tomorrow or to inform management practice. It is to provide an independent and critical voice. To this end, we need to embrace a polemic stance (i.e. to problematize conventional wisdom and challenge orthodoxy) while striking a balance between a phenomenological orientation; doing research on change management and an applied focus which involves doing research for change management.

CHAPTER FIVE

SUMMARY OFFINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter was to discuss and draw conclusion, recommendations, limitations and suggestions for further research by the researcher conclusions and recommendations on the findings of the study.

5.2 Summary of the Findings

The study found that change management practices employed by KPLC in the change management and implementations were: communication planning employee participation and performance, leadership commitment, organizational structure and stakeholder involvement. Although all these change management process were employed not all were fully understood and undertaken to satisfaction hence failing. The study respondents believed that there had been tremendous improvement in the communication process over time. Especially with culture change, there is increased use of phone and emails for business. Team/group talks have also reduced an easiness that used to be experience among teams hence fostering team spirit. These have contributed towards improved work environment and quality customer service.

According to the respondents of this study a strategy for reducing resistance in employees mentioned frequently in organizational change literature is to involve the employees in the change or to empower them to make changes themselves. Empirical studies have supported the efficacy of this strategy for successful implementation of change, especially within the public sector (Warwick, 1975; Denhardt and Denhardt,

1999; Poister and Streib, 1999). However, employee involvement alone is not sufficient with managers still playing a critical role encouraging and rewarding innovation and expressing support the change.

Previous organizational structure had been reviewed to reduce the levels of reporting, it still provides the ambiguity in communication. According to the respondents there is need to further review the structure to provide for clear reporting lines without creating conflicts among units with clear power. These will help Kenya power to achieve its vision and hence improve working environment for staff and better service for customers.

The study also found the need to involve the stakeholders like the customers, suppliers and the policy makers in the change process. This would help integrate all efforts in achieving the desired change. For example if the customer is involved in providing suggestions and feedback they will own the product as truly there, while suppliers will provide quality products and services as they share in your vision. Hence subsequent change process at Kenya power and any other organization should take stakeholder involvement with the seriousness it deserves.

5.3 Conclusions

The literature on change management and practice development in organizations provides a useful perspective on the factors facilitating, supporting and inhibiting changes in individual, team and organizational practice. Core to effective change and improve the balance between structural and relational impetus for change, including both leadership and direction from management, staff ownership of intended changes and the role of the multidisciplinary team in effecting change.

Sustainability of change also is of importance. Numerous approaches and strategies to change management and practice development, used either alone or in combination were identified. The field is maturing, differing types of evidence offering insights into ways to effectively introduce change and develop practices in KPLC settings is being accumulated. Large scale interventions, and randomized studies, are relatively rare, and should represent the next stage in research strategies. Kenya power should initiate a continuous improvement process so as to maintain the gains made and also work on the areas failed. This will enable them remain competitive the vibrate market they operate in and enhance quality of service delivery to customers.

In conclusion, as academic researchers we need to gain a greater understanding not only of structures and practices but perhaps more importantly, of human motivation in order to fully understand the nature of organizational change and its management we need to understand better the culture, ethics and politics of change. Furthermore, we need to openly address and criticize current shortcomings and provide valid alternatives.

5.4 Recommendations

To successfully implement change, both short and long term strategic plans need to be in place. Adequate and early planning and an all-inclusive process will prevent resistance by employees in the organization. In order to improve the level of employees confidence in strategy implementation process, their level of competency and empowerment would be observed.

The research further revealed that critical skills required for implementing change were dependent on the complexity and nature of the change, leadership skills, relationship management skills and financial skills were inevitable in all cases of change implementation. The research concluded that there is no one universal approach to

strategic management and therefore its practices keep evolving from time to time depending with the changes in the environment.

5.5 Limitations of the Study

The study focused on the change management practices at Kenya power and lighting company limited, which may have failed to capture all the responses from organizations in the industries as a whole and also engaged managers only who might have ignore other staff information. The stakeholder's involvement was not fully established and therefore could not conclusively give the full picture of the success of change implementation.

It was also a challenge scheduling the interview sessions with the managers as they were stationed in different offices in dispersed locations. There were also managers who had been in the organization during major strategy and change implementation phases who had since left and their experience could not be incorporated in the study.

5.6. Suggestions for further Research

A more comprehensive research should be undertaken to determine the level and the effectiveness of the change management process and should widen the sample size to incorporate all levels of employees as these research narrowed down to departmental heads only. These might enhance the quality of response and help identify all failure points in change process implementation.

The research should also be done to determine how change management process is incorporated in the company's long term strategy. This will help in ensuring that the implementation change management process is effective.

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APPENDIX I
LETTER OF INTRODUCTION

Dear Respondent,

RE: REQUEST TO PARTICIPATE IN A STUDY

I am a student at the University of Nairobi, currently pursuing Masters Degree in Business Administration. In order to fulfill the degree requirements, I am carrying out a case study on Change Management Practices and Employee Performance at Kenya Power and Lighting Company Ltd.

I am collecting information for the study and thus distributing interview guides to selected staff within KPLC. I will appreciate if you could spare time for the interview and assure you that the information collected will be treated with strict confidence as the research is purely for academic purposes.

Thank you for your co-operation

Yours Faithfully,

Caroline Kaimuri Kirunya

Researcher

APPENDIX II
INTERVIEW GUIDE

This study is a requirement for the partial fulfillment for the award of the degree of Master of Business Administration (MBA) program at the University of Nairobi. The study is on **Change management practices and employee performance at Kenya Power and Lighting Company Limited**. Kindly answer all the questions either by writing in the spaces provided.

Part A: Background Information

1. What is your current position at Kenya Power?

2. For how long have you been holding the current position?

3. How many years have you worked in Kenya Power?

4. What is the highest level of education attained?

Part B: Change management Practices

5. Which areas has change been undertaken in the company?

6. Describe your role in the change. Were you appointed for this role, or did you volunteer for this role? How were you trained for this role?

7. How are the employees empowered to cope with the change in the company?

8. How did the company link change management with operational change and every aspect of the organization in relation to dynamic external environment?

9. What institutional resources were made available for this change?

10. How did you identify the change agents, leaders of this change? Were they asked or appointed? How were they trained? How were they rewarded?

11. Was there communication to all the employees on the change management in the company?

12. How often did the management communicate regarding the issue of change?

13. Did the change management communication help to reduce employee anxiety and uncertainty about expected outcomes?

14. Did the employee resist change although they were communicated on the need for change?

15. How did the company ensure that there is a coordinated approach to the design and management of communication so that it can help avoid costly mistakes and increase the chances of success?

Part C: Employee Performance

16. Did the Employees gain full access to information on change management process?

17. How were the employees involved in change management in the company and what was their attitude towards change?

18. Did the employee participation in the company resulted in successful change management?

19. How did the employee involvement help the managers make better decisions when it comes to implementing a change?

20. Did employee participation helps to facilitate a sense of ownership of the change process, where employees feel like they have come up with solutions themselves which can foster readiness for change, leading to less resistance?

21. Did the organizational leadership consider the human and emotional aspects of change during the change process?

22. Did the company structure help the management exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity during the change management?

23. How did approaching change in an open and consultative manner assists in more effective implementation?

THANKS FOR YOUR TIME



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

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

P.O. Box 30197
Nairobi, Kenya

DATE 10/9/2014

TO WHOM IT MAY CONCERN

The bearer of this letter CAROLINE KAIMURI KIRUNYA

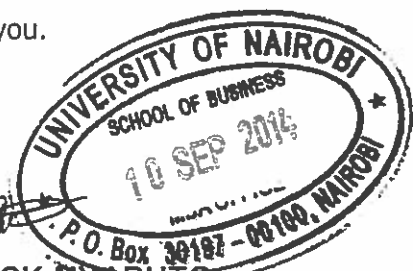
Registration No. DG1/60626/2013

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

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

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

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Kenya Power

The Kenya Power & Lighting Co. Ltd.
Central Office - P.O. Box 30099 Nairobi, Kenya.
Telephone - 254-20-3201000 - Telegrams 'ELECTRIC'
Fax No. 254-20-3514485
STIMA PLAZA, KOLOBOT ROAD

Our Ref:

KPI/5BA/42D/EWO/ls

Your Ref:

26th September 2014

TO WHOM IT MAY CONCERN

RESEARCH APPROVAL – CAROLINE KAIMURI KIRUNYA

Reference is made to the subject matter mentioned above.

Kindly allow the above student at University of Nairobi to carry out a research project in the Company on *“Change Management Practices & Employee Performance at Kenya Power & Lighting Co. Ltd.”*

This authority notwithstanding, discretion must be exercised in the use of company information including business strategies and policy documents.

The Research Project should also not disrupt normal working hours and Company's flow of work.

A soft copy of the final Research Project saved in a Compact Disc should be forwarded to the Human Resource Development Department.

Yours faithfully,
For: KENYA POWER & LIGHTING CO. LTD.

DINAH K. KHACHINA
FOR: HUMAN RESOURCE DEVELOPMENT MANAGER