MANAGEMENT OF STRATEGIC CHANGE AT CHEMELIL SUGAR COMPANY LIMITED, KENYA

KAMEMBA RAPHAEL ONDIEKI

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

OCTOBER 2014

DECLARATION

I declare that this Research Project is my original work and has not been presented for any academic award in any university.

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

Kamemba Raphael Ondieki

D61/65161/2011

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

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

Dr. V.N. Machuki

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENTS

First and foremost, I wish to acknowledge the Almighty God for His grace and faithfulness throughout the entire period of the project.

I acknowledge the invaluable contribution, guidance, constant follow ups and suggestions from my Supervisor, Dr. Vincent Machuki whose tireless efforts ensured this research project was successful.

Special acknowledgement to my entire family who vividly identified themselves with this project by encouraging me to soldier on when the going proved tough. Special thanks to Constance for getting time to adeptly type and edit this work not forgetting the constant encouragement she gave.

DEDICATION

This research paper is dedicated to my lovely wife, Hellen for her consistent understanding, encouragement and support. To my children, Everlyn, Lorna, Kevin, Brian and Precious for their invaluable support in this project. May God bless you abundantly.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

AE	Agriculture Engineer
BOD	Board of Directors
CEO	Chief Executive Officer
COMESA	Common Market of East and Southern Africa
CSC	Chemelil Sugar Company
CSC - FS	Chemelil Sugar Company – Financial Statements
CSC - YD	Chemelil Sugar Company - Yearly Data
EAC	East African Community
EMWPP	Engineering Manager - Workshop, Planning & Projects
GOK	Government of Kenya
HOA	Head of Agriculture
HOF	Head of Finance
HOFA	Head of Factory
HOHR	Head of Human Resource
IDI	Individual in Depth Interviews
KETS	Kenana Engineering Technical Services
KSB	Kenya Sugar Board
MD	Managing Director
OD	Organizational Development
OST	Open Systems Theory
PAM	Personnel Administration Manager
PM	Process Manager
PRM	Public Relations Manager
PS	Permanent Secretary
TCH	Tons Cane per Hour
TMT	Top Management Team
US	United States

ABSTRACT

Strategic change is concerned with changing the direction of the organization and the way the firm does its business. Strategic change is a must and leaders who anticipate change and react rapidly and responsibly will succeed. CSC is a government owned sugarcane milling company whose dismal performance triggered a strategic change process in efforts to bring it back to efficient operations. The study sought to establish the strategic change management practices adopted by CSC and determine the challenges the firm encountered during the implementation process of the strategic change. This being a case study was effected by thorough open-ended questionnaire used for in-depth individual interviews with CSC top management team designed to facilitate adequate collection of data. The primary and secondary data collected was subject to content analysis with the conceptual approach to capture the dominating themes, categories to collated and aid in thematic analysis. The study found out that an emergent approach of strategic change was adopted. The change effort was planned in a clear line insight for the future desired state. At the end of the study, it was possible to identify the set of factors that answered the research question and objectives of the study. Unfocused leadership, poor industry regulation, obsolete technology coupled with lack of proper maintenance of the factory and a fiercely competitive business environment were among factors identified to have influenced strategic change at CSC. To survive, the Company instituted measures like change in leadership, full factory rehabilitation, more stringent financial controls and stakeholders buy-in that reversed the loss making trend. To succeed, CSC had to change its corporate culture, leadership, value, mode of communication, support systems and structure. Through constant training of people involvement and participation, performance contracting, change in culture, constant communication and teamwork, success became a reality by the achievement of the desired factory operational targets only seen several years back. From the study, it became clear that CSC needs to embrace on further strategic changes in preparation for the expected more competition due to the expiry of the COMESA safeguards. Political patronage should give way for serious business approach in running the organization. The study has captured on the success of strategic change at CSC. Similar study can be carried out in other organizations within the sugar sector especially the government owned millers. For CSC, a study needs to be carried out to determine the relationship between corporate governance to the performance of the organization.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Change is described as a shift in some condition or situation from its present state to a new and different state. Strategic change is concerned with changing the direction of the organization and the way the firm does its business (Balogun and Hailey, 2008) Organizational change is the process by which organizations move from their present state to some desired future state to increase their effectiveness. Organizations need to constantly embrace new frameworks for competing and winning in a world of constant turbulence and disruption.

According to Ulrich (1997), the primary difference between organizations that succeed and those that fail is the ability to respond to the pace of change. Without change, businesses could most likely lose their competitive edge and wind up. It is not the strongest of the species that survives, not the most intelligent, but rather the one most adaptable to change (Megginson, 1963). Similarly, the survival and success of an organization crucially depends on evolution, adaptation and ability to stand out. The organizations need to change in the way they carry out business by addressing changes in their mission, strategy, operations and technology. Perhaps the greatest challenge business leaders' face today is how to stay competitive amid constant turbulence and disruption. Any company that has made it past the start-up stage is optimized for efficiency rather than for strategic agility to capitalize on opportunities and dodge threats with speed and assurance (Kotter, 2012).

Today, strategic change is a must and organizational leaders who anticipate change and react rapidly and responsibly will succeed. A number of theories have provided the anchorage for strategic change management today. The Chaos theory has been used to study complex and dynamic systems to reveal order patterns out of chaotic behaviours. The Chaos theory has proved extremely valuable in the current scenario where businesses operate in a turbulent, complex and unpredictable environment. On the other hand, the Open Systems theory focuses on a way of thinking about dynamic systems that interact with their environments since businesses are dynamic systems, evolving and changing in response to feedback. The Open Theory sees the organization as different sub systems that are technical, psychological and managerial systems (Miller, 1967) .This theory has been found useful to managing strategic change in businesses as it provides a framework for thinking about processes that really form the essence of running the businesses. The Group Dynamics theory has assisted in the theoretic backup in the organizational theory philosophy. It looks at businesses as consisting of groups with behavioural sets similar to smaller divisions. The knowledge of group dynamics has been particularly useful in managing work teams to manage strategic change. The Organizational Development theory which entwines with the Change theory was developed from an understanding and recognition that the effective and efficient performance of an organization in a fast and ever changing world has to include and focus on the emotional and people factors of change.

Chemelil Sugar Company Limited (CSC) is a parastatal sugar mill established in 1965 with the primary objective of producing sugar as part of the national strategy of achieving self-sufficiency in food production. The Company’s performance has been inconsistent with the envisaged development plan. The performance reached its lowest ebb towards end of 2011 when the Company operations almost came into a halt. The organization since then has gone through a change process that has enabled it bounce back into business to be counted on the Kenyan sugar- business map. The performance of the Company during the 2013/2014 financial year was comparatively impressive registering promising key operational achievements (CSC –YD, 2013/14).

1.1.1 Concept of Strategic Change

Strategic change is the deliberate process that uses systematic methods to ensure that the organization is guided in the planned direction and conducted in an effective manner and completed with the desired results. It involves change in content of an organizations strategy as defined by its scope, resources deployments, competitive advantage and synergy (Watson, 2003).

Strategic change enables an organization to take advantage of important opportunities and to cope with consequential environmental threats. It involves the decisions and actions concerning the organization as a whole or most of its components and is undertaken for a long time. Strategic change revolves around changes in the organization's mission, operations, strategy and technology. Two approaches to successful strategic change management are planned or deliberate approach and the emergent approach. The planned approach views organizational change as a process of moving from one fixed state to another through a series of pre-planned steps. It has been argued that this approach works best in a stable and predictable environment. The approach is related to the practice of organizational behavior.

The emergent approach on the other hand views strategic change as a continuous and open ended, unpredictable process of aligning and realigning an organization to its changing environment. The approach recognizes the need for organizations to match their internal practices to external conditions. The approach works best in an environment that is turbulent. It has however been noted that organizations do face environments with varying degree of turbulence. The organization in such a case must be flexible and adapt to these circumstances (Burnes, 2000). The secret of consistent success lies in the change that should be introduced according to the time and this is the basic concept of strategic change management. As the environmental and culture change rapidly, it has become a must for every business organization irrespective of its size and industry to adopt to strategic change in order to survive in the world of cut-throat competition. It has become more and more apparent that management of strategic change requires that individuals involved should demonstrate high degree of skills and sensitivity in dealing with the employees.

Strategic change enables an organization to move from its current position and state towards some future position as a way of increasing its overall effectiveness (Jones, 2001). It picks on the second aspect of strategic management process of implementation. Strategic change is all about identifying and bringing the organization's actions and procedures that will ensure its long term survival. It is a condition and a process that describes the happenings in the internal and external involvement. Strategic change is reality that must be accepted by all organizations (Hill and Jones, 1999). Niame (2000) argues that organizations exist and depend on the environment on inputs and outputs and will therefore consume resources, transform them through various processes and release the outputs to the environment.

Thompson and Stickland (1999) urged that organizational effectiveness is not only dependent on the level of environmental uncertainly, but also on the degree of internal dependence present. According to Ansoff and McDonnell (1990), organizations face constant demands for changes to keep up with the ever-emerging business environmental challenges. The business environment is rapidly changing, making it imperative for organizations to continually adapt their activities to change in the environment in order to succeed. For survival in a dynamic environment, their strategies need to focus on their customers and deal with the emerging challenges (Hofer and Schendel, 1978).

According to Johnson and Scholes (2002), strategic change involves the decisions and actions concerning the organization as a whole or most of its components and is undertaken for a long time. It uses huge resources and is fundamental in effect. It is initiated by top management and involves one time decision. It also involves strategic changes at corporate and business level. It has organizational-wide impact and it is futuristic, long term and has to be effective.

1.1.2 Management of Strategic Change

Strategic change management is the process of managing change that an organization requires to adapt to change strategy. It aims at coping with both the environment in which the organization operates, constraints, challenges and threats it faces, thus ensuring that the organization and its environment remain in harmony, creating conditions for growth and prosperity (Burnes, 2009). Once an organization's strategy has been formulated, change management is employed to ensure that the strategic changes required to achieve the goals of the strategy are put in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired results (Davis and Holland, 2007). Management of strategic change is therefore the set of managerial decisions, actions, priorities, monitoring and control that are put in place to ensure long-run performance of an organization and achievement of its corporate goals. This includes aspects such as scanning of the environment, strategy formulation, strategy implementation and evaluation control.

Strategic change management directs or facilitates change and often both, depending on the circumstances and it requires identification of available options and choices and that the choices made take account of both short and long term interests of all the stakeholders (Johnson and Scholes, 2002). Most organizations want change implemented with the least resistance and with the most buy-in as possible. For this to happen, it must be applied with a structured approach to ensure that transition from one behavior type to another is smooth. Most often, people change what they do because they are shown a truth that influences their feelings rather than because they are given analysis that shifts their thinking. After all, strategy is about making the right choices and implementing the right actions. Critical mass of individuals or groups with active commitment is necessary to prove the synergy for strategic change to occur (Beckhard and Harris, 1987).

Successful strategic change management process depends largely on the context in which change is taking place. Regardless of the strategic change type, the management approach adopted by the organization, there is the need to pick on the appropriate change leader. According to Howard (1994), managing a change process can be a tricky and difficult task. Management's role in strategic change is very important. It is the job of management to keep employees through the process of strategic change. Strategic change management requires both the employee and the organizational perspective. The organizational strategic change management emerges for how to scale change management activities and how to use the complete set of tools available for the management. Leaders are responsible for crafting while the members of staff do the implementation. During implementation, the leadership comes in to bridge the gap from the thinking to the doing. According to Carnell (2007), employees will not step up and adopt the new behaviors and actions if leaders are not paying attention to the actions and directing what needs to be done. According to Nelson and Quick (2008), management must encourage, motivate and reward staff members for taking corrective action. They must make follow-ups on implementation and review. For employees to buy in, the organization must explain changes that it would like to make, citing issues with current procedures and articulately communicating the benefits for both the individual and the organization.

1.1.3 The Sugar Industry in Kenya

The sugar sub-sector plays a major role in the Kenyan economy and it is a source of income for millions of citizens. The development of the Kenyan sugar industry goes back to 1922 when sugar investments were done at the Miwani Area of the current Kisumu County. Five years later, the Ramisi Sugar Company was developed at the coastal region of Kenya with another six sugar mills established between 1964 and 1981. The desire for the establishment of Government owned enterprises as expressed in the Session Paper No.10 of 1965 on African Socialism and its application in planning in Kenya was to accelerate the social-economic development; address regional economic imbalances, increase Kenya citizens' participation in the economy, promote indigenous entrepreneurship and promote foreign investments through joint ventures.

Self-sufficiency in sugar has remained elusive over all these years in Kenya despite the investments done in the sugar sector. The consumption of sugar has continued to outstrip supply. As the total sugar production increased from 368,970 Tonnes in 1981 to 475,670 Tonnes in 2006, the domestic consumption increased from 324,054 Tonnes to 718,396 Tonnes during the same period (Kenya Sugar Board, 2009). Kenya has consequently remained a net importer of sugar. The imports bridge the deficit now standing at 300,000 per annum (Kenana, 2013).The Sugar Industry in Kenya is currently in crisis, courtesy of the cheap imports that have flooded the country drastically dropping the prices of sugar. This has threatened the survival of the sugar industry from which an estimated six million Kenyans directly or indirectly derive their livelihood. The industry is rural based, benefiting the rural poor and significantly contributing to the achievement of one of the millennium goals on poverty reduction.

The sugar industry has however continued to face several challenges that have resulted in the current running deficit of about 300,000 Tonnes that amount to 37.5% of the domestic sugar requirement. The coming to the end of the last and irrevocable extension of the COMESA safeguards in February 2015 remains one single major challenge to the Kenyan Sugar Industry. The liberation will expose the ill-prepared Kenya Sugar industry to unprecedented levels of competition. The high cost of sugar production in Kenya, being the highest among the East Africa Community (EAC) and Common Market of East and Southern Africa (COMESA) sugar producing countries, has majorly been caused by a combination of factors namely, low sugar cane and sugar yields, factory capacity underutilization, lack of regular factory maintenance programmes, poor transport infrastructure, weak corporate governance, unfavourable Government tax regimes, lack of diversification, weak farmer representative institutions, poor and patronage-based management systems at all levels resulting in low levels of professional and efficient management and regulation of the industry.

From a market stand point, the Kenyan Sugar industry needs to focus on the above mentioned challenges as urgently as yesterday; otherwise the industry should only expand at most to self-sufficiency. Using sugarcane as the base, the industry has the potential to diversify into high value products like power, ethanol, animal feeds, as a strategy to enhance its revenue base and sustainable income. Despite all these challenges, there however exists potential for Kenya to become and retain self-sufficiency in sugar production and even produce surplus for export (Kenana, 2013).

1.1.4 Chemelil Sugar Company Limited

Chemelil Sugar Company Limited was established in 1965 with the main business focus being the production of mill white sugar as part of the national strategy of achieving self-sufficiency in food production as well as contributing to integrated economic development in Western Kenya region. At inception, the Company had a milling capacity of 85 Tonnes of Cane per Hour (TCH). With progressive expansions of the factory, the capacity rose to 135 TCH by the year 2000 (CSC-YD, 2012). Since 1976, when the Company posted its first profits, the Company's performance has oscillated between profit and loss. The inconsistent performance was as a result of one or a combination of the following factors; insufficient sugar cane production to match the expanded milling capacity, lack of scheduled annual factory maintenances, unfavorable weather conditions, weak corporate governance and lack of core business focused management principles.

Though the Company developed a strategic plan in 2006 for the period 2007/2008 to 2011/2012, almost none of the key strategic objectives got achieved. As much as the parameters in the objectives indicated a given desired level of profitability and a healthy financial status by 2011/2014, things only turned worse. The change of the Company leadership in 2008 tended to adopt management practices that did not equally achieve the desired results. By 2009/2010, the Factory only milled a paltry 403,999 Tonnes of cane resulting into a pre-tax loss of KShs.595.5 million (CSC-FS, 2010). This necessitated a review of the strategic plan, which likewise yielded no tangible results.

By 2011 the Company performance had gone so low that the Board of Directors changed the Company's leadership that re-defined and modelled the Company along a new strategic path that set off with the sole objective of turning around the organization. Faced with cash flow problems, the top priority of the new management was to source for funds that could address the most critical issue of an underperforming factory coupled with many other operational insufficiencies within the Company. It is with this in focus that Chemelil started to implement strategic changes meant to ensure the survival of the organization.

1.2 Research Problem

Businesses are facing challenges in the new era characterized by rapid, dramatic and turbulent changes. This therefore demands that they respond to these challenges in order to remain relevant. This may involve fundamental and radical re-orientation in the way the organization operates. Strategic change is the only way out in order to stay competitive amid a constantly turbulent and disruptive environment. Change in organizations usually result out of either internal or external environmental factors that interfere with the achievement of the set goals and objectives (Kanter 1996, Hamel and Prahalad 1994, Kotter 1996). Every change comes in its unique way and its successful implementation depends on the values, resources and skills of the firm and the prevailing environment. The change focuses on the significant alteration in the strategy, process, systems and procedures and organization culture. It is argued that change is not linear; it cannot be worked on a mathematical formula basis with a set of variable that will always yield a fixed answer to their combination.

Chemelil had to undertake strategic changes because it was faced with a threat of closure due to operational inefficiencies. The Company was unable to meet its obligations to the stakeholders. So when the new leadership sounded the sense of urgency, the entire organization's stakeholders were willing to embrace the new direction of doing things so as to accelerate towards the change.

A number of researchers have carried out studies on strategic change management in various organizations. Muhia (2011) looking into the management of strategic change at Kenya Power found out that the change management practice of managing people aspect of change was the most important. Ogada (2007) researched on strategic change management at the Wrigley Company E.A concluded that both systemic and behavioral resistance provide the biggest impediment to realization of strategic change objectives. Mwangi (2011) while looking at management of strategic change at the New KCC, concluded that the Company's quest for strategic change management have since resulted into positive effect to both the Company and the dairy sub-sector in Kenya. Different scholars in varied disciplines have carried out separate studies on Chemelil Sugar Company. Owelle (2011) looked at Challenges of Strategy Implementation at Chemelil Sugar, while Ng'etuny (2013) focused on Challenges facing Women in Career Development at Chemelil Sugar. Indakwa (2013) looked at Perceived influence of Occupational Health and Safety Practices on Job Satisfaction of Employees of Chemelil Sugar while Ondigo (2013), researched on Outsourcing and Performance at Chemelil Sugar Company.

While the above studies have availed some knowledge on strategic change management in other organization and on other disciplines in CSC, there has not been any study done on Strategic Change Management at CSC. Chemelil Sugar faced challenges that threatened its closure due to operational inefficiencies. The Company in the recent past has undertaken changes in response to the challenges. What is the nature of the strategic change management at Chemelil Sugar Company Limited?

1.3 Objectives of the Study

The objectives of the study were to:

(i) Establish the strategic change management practices adopted by Chemelil Sugar Company Limited.

(ii) Determine the challenges faced by CSC while implementing strategic change.

1.4 Value of the Study

The outcome of this study is beneficial to various users in areas of theory building, policy development and management practices.

The study has provided useful information to strategic change management researchers and academicians in theory building, testing and validation. This has in essence expanded their knowledge on strategic change management thus identifying areas for further study on the subject.

The study is to benefit the sugar industry regulators; Kenya Sugar Board (KSB) and the Ministry of Agriculture, Livestock and Fisheries in understanding the challenges facing the sugar industry in Kenya thus enabling them to address the many woes bedeviling the industry as well as increase the overseer role effectiveness in proper policy formulation and enforcement.

The study will enable CSC team and other sugar millers to enhance their understanding on how to go about future strategic change management programmes, with an aim of aligning organizational capabilities and their competencies more efficiently. The study is to benefit the sugar industry fraternity which has similar problems affecting the competitiveness in the sugar business.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with reviews of some of the documented pertinent literature based on the research question and the conceptual framework. In presenting this literature, it considers past studies done by different authors in the area of management of strategic change. The theories supporting strategic change management are highlighted with the practices in both planned and emergent change approaches. The challenges and measures to overcome them in the implementation process of strategic change management are discussed.

2.2 Theories Underpinning the Study

The phenomenon of change is widely acknowledged as the only constant in life. Yet, ironically, most organizations are known to resist change. This resistance leads to organizational failure to adapt to a dynamic environment. The theories supporting strategic change management are linked given that they cover the need to change due to the complexity, dynamism, instability and unpredictability of the business environment today. They highlight the fact that in the business environment, the organization and the community are open systems that change and influence one another. The theories bring out further, the composition of businesses as consisting groups that greatly influence the strategic processes.

2.2.1 Chaos Theory

The Chaos theory has been used to study complex and dynamic systems to reveal order patterns out of chaotic behaviours. Interestingly the Chaos theory was developed in the scientific world but was later found applicable in organizational development(Stilwell,1996).Chaos theory which is also known as the nonlinear systems theory is based in the premise that the world is made up of complex systems that are dynamic, unstable and unpredictable. Stuart (1995) quotes that life uses messes to get to orderly solutions. Gleick (1987) asserts that small variations of the initial condition of a nonlinear dynamical system may produce large variations in the long-term behaviour of the system.

2.2.2 Open System Theory

The Open Systems Theory (OST) is a modern systems-based change management theory designed to create healthy, innovative and resilient organizations and communities in today's fast and unpredictable environments. As organizations and communities conduct their businesses they influence and change their external environment, while at the same time being influenced by external changes in local and global environments. Organizations and communities are open systems changing and influencing each other over time. Healthy viable open systems have a direct correlation to changing values and expectations over time with its external environment. This understanding has led to development of the open systems theory. The Open systems theory has been used by many successful organizations. People too are open systems for through their actions they influence and change their external environments and at the same time constantly being influenced by changes in the external environment. From an employee's perspective, the organization itself is the immediate external environment.

2.2.3 Force Field and Group Dynamics Theory

The Force Field Theory can be looked at as a methodology for understanding group behaviour by attempting to highlight the entirety and complexity of the environment which the behaviour takes place. According to Burnes (2009), Kurt Lewis argued that to understand any situation it is inevitable that one should view the present situation-the status quo as being maintained by certain condition or forces.

The Group Dynamics Theory has assisted in the theoretical back up of the Organizational theory philosophy. It looks at businesses as consisting of groups with behavioural sets similar to small divisions. Brown (1988) argues that two key ideas have emerged out of field theory and are crucial in appreciation of group process: interdependence of fate, which asserts that a group exists when people in it realize their fate depends on the fate of the group as a whole and task interdependence which stipulates that a powerful dynamic is created when a group's task is such that members of the group are dependent on each other for achievement. An intrinsic state of tension within group members stimulates or motivates movement toward the achievement of desired common goals (Johnson and Johnson, 1995)

2.3 Strategic Change Management Practices

The goal of strategic change management is to maximize the benefits of change while reducing resistance and potential negative effects that may be caused by differences resulting from the change. Therefore the approach adopted when effecting change largely depends on the prevailing circumstances.There is two main approaches to strategic change management. These are planned and emergent change. Planned change views the organizational strategic change as a process of moving the organization from one fixed state to another through a series of pre-planned steps. Planned change was established as that which is conscious and embarked upon and planned by organizations, as opposed to change that is brought about by accidents or impulse. This change is closely associated with the practice of organizational development (OD). OD is an organizational improvement strategy, a framework of theories and practices capable of helping solve problems confronting the human side of organizations (Drucker, 1985).

A number of models for the planned change have been developed. In his model of action research, Lewin (1946) refers to programs and information designed to solve a problem or improve a condition. It is based on the preposition that an effective approval to solving organizational problems must involve a rational and systematic analysis of the issues in question. Lewin asserts that permanent changes in behaviour involve the unfreezing, changing and refreezing steps.

Bullock and Batten (1985) gives four stages of planned change management as exploration, planning, action and integration phases. According to Kotter (1996), there are eight steps leading to successful change; establishing sense of urgency, forming a guiding coalition, creating a vision, communicating the vision, empowering others, planning and creating short term wins, consolidating improvements and institutionalizing the new approaches. Although planned approach to strategic change still remains highly influential, various criticisms have been leveled towards it. Burnes (2004) asserts that though supported by consultants, planned approach exhibits the inability to cope with continuous change. It emphasizes incremental change while ignoring the organizational conflicts and policies. Ansoff & McDonnell

(1990) state that planned change advocates make the assumption that organizations exist at different states at different times.

Successful companies develop a culture that just keeps moving all the time. No single methodology fits every company but there is a set of practices, tools and techniques that can be adapted to a variety of situations. In a planned change, the four stage Bullock, eight-step Kotter and ADKAR Models combined give a guiding best practices that can be used to achieve success.

The "human side" of change is crucial in the success of the change process. It therefore demands that the 'human-side' is addressed systematically. These "people issues" need to be incorporated in the original change plan. Firstly, a sense of urgency must be established. If the affected parties see the change as required, they are more likely to accept the change. Secondly the vision for change must be communicated in a clear and focused manner. All those involved should understand the vision for change and be able to act upon it. Thirdly, there should be increase in the Company's capability for change. Companies should be flexible enough to embrace change, rather than being so rigid that change creates a revolution, uprooting the entire workforce. Fourthly, communication of the very vital information regarding the change must be communicated in a clear and focused manner from those evoking change to those affected by it in a reliable, credible and timely manner. Fifthly, all the stakeholders should be involved. When stakeholders are involved, change is effected in a swifter and smoother manner with minimum resistance. All levels of leadership ought to be engaged in the change. If the leaders embrace change, then they can oversee and manage the team members' reactions to the change. By having strong and educated leadership, the changes will move much more smoothly. By integrating project management strategies with the change, there will be greater success with change management, and in meeting strategic company objectives. There is enhancement of the performance of the Company and reinforced behaviors that are desired in the Company. By doing this, there will be less resistance to change. As by the ADKAR framework, employees need awareness that the change is needed for them to require the desire to create and support change. The employees need awareness that the change is needed for them to require the desire to crate and support change. The employees need to change and should know how to go about it. The change must be achievable and obtainable.

The second approach is the emergent change. The approach views change as continuous open ended unpredictable process of aligning and re-aligning an organization to its changing environment. Emergent change models recognize the need for organizations to align their internal practices to the external conditions. Proponents of emergent change argue that change cannot be characterized as a rational series of decision making activities and events, and cannot be a series of linear events within a given period but a continuous process. Burnes (2004) asserts that change cuts across functions and hierarchical divisions, and has no next starting and finishing point. Proponents of emergent change came up with different models. Dawson (1984) came with a processional model that looks at temporal aspects of change as means of breaking down the complex processes of organization change into manageable portions. Quinn (1980) came up to a model of logical incrementalism, where he asserts that managers consciously and proactively move forward incrementally in aspects of creating awareness, commitment, amplifying understanding, solidifying the change and integrating the process. Critics of emergent models assert that organizations face different environments hence advocate diverse focus on creating a climate to foster change yet fail to give specifics on what this climate will be.

Emergent change is the outcome of emergent processes organically linked to the positioning and expertise of the individuals and organizations in small incremental steps. Planned change is normally a top down approach whereas emergent change is a bottom up approach.

Each strategic change situation will be different and the best approach often combines multiple strategies, based on the degree of resistance, target population, stakes, time frame, expertise and dependency. Best practice change management has to involve proactive leadership, strategic planning, implementation and evaluation. Leadership is extremely important in times of emergent change and transition Kiger, 2007).The key role is often played by the change manager who acts as the facilitator and takes accountability for the successes and failures of the change process. Training is an important step too not only for the change managers but for all of the actors who will be involved in the change. Strategic planning which involves setting goals, benchmarks and vision for change provides the opportunity to involve multiple stake holders in the enterprise in order to make the change process more organic and democratic. Effective communication requires setting expectations, aligning support resources, communicating operational requirements and informing users. In large organizations, change is most effective when there is clear support from every level of the organization from top to bottom. After achieving the desired change, there must be put in place a system to provide documentation and feedback of where the change has been successful and where improvements can still be made.

2.4 Challenges of Strategic Change Management

Since the need for change is often unpredictable, it tends to be reactive, discontinuous, adhoc and is often triggered by a situation of organizational crisis (Burnes, 2004; De Wit and Meyer, 2005; Lucke, 2003, Nelson, 2003). Although the successful management of change is accepted as a necessity in order to serve and succeed in today's highly competitive and continuously evolving environment, around 70% of all change programmes fail (Lucke, 2003, Balogun and Hope Hailey, 2004). There are various factors that determine success in strategic change management. Intelligent, well-thought out strategies have failed at the implementation phase as a result of lack of focus on the corporate culture as a determinant success-factor.

Bringing change to an organization with a set culture and business processes has its own set of challenges. Change strategies have always proved to be a challenge for any management. Successful implementation of strategic changes in an organization is very important. To ascertain success of any change strategy, the management team must be overly open and alert to all forms of resistance as well as development supported by an in-depth understanding of the culture and operational processes of the organization. This essentially calls for building of a strong and solid change management plan, good communication plan and a plan of managing the employees change experiences.

Poor implementation of strategic change management has been blamed on a number of failed strategic change programs. Problems of successful implementation centre on how well or badly the organization responds to the change. According to Balogun and Hailey (2008), poor strategy leads to many strategic change management challenges. Due to many varying reasons, the change managers select an inappropriate strategy whose implementation obviously become a futile exercise. A good strategy with poor implementation procedures can be flawed. Efforts to execute such a strategy get impaired. Lack of vision at the top, lack commitment from senior managers, restricted communication challenges and lack of accountability greatly contribute to poor implementation of strategic changes. Failure to couple strategy development and implementation is a major challenge in strategic management as implementers are involved in the development stage. Separation of the two may lead to situations where critical implementation issues are omitted during the formulation phase, thus rendering effective strategy implementation difficult. As new strategies get introduced in the organization, it must be remembered that there are usually groups of people who may be enemies to the change process. These are employees who have done well under the old conditions, and lukewarm defenders in those who may do well under the new conditions. Resistance to change is a phenomenon that introduces delays, additional costs and inabilities into the process of change. Resistance maybe in the form of procrastination and delay in triggering the process or implementation delays and inefficiencies which slow down the change process. There may also be efforts within the organization to sabotage the change or absorb it in the water of other priorities (Burnes, 2004).Nelson and Quick (2008) describe resistance to change as form of feedback which can be used to manage change.

2.5 Measures to overcome the challenges

Change especially emergent can create significant challenges and displacements in organizations due to the difficulty of many individuals, groups and institutions to adapt to change. Bringing change to an organization with a set of culture and business processes has its own set of challenges. The challenges of management of strategic change can be overcome by crafting a sound strategy that involves all the employees throughout the change process. With clarity and consistency in communication, empathy and support to employees who have trouble dealing with the change, go through the change process, both systemic and behavioral resistances will be tackled by involving all the members directly in planning and implementing the change thus resulting into a successful strategic change management programme. This kind of involvement increases the participants' commitment to implementation (Nelson and Quick, 2008. One key to managing resistance is to plan for it and be ready with a variety of strategies for using resistance as feedback and helping employees negotiate the transition. Kotter (2007) notes that for a successful change effort to occur, there should be efforts to generate a sense of urgency, establish a powerful guiding coalition, craft a clear vision and strategy to direct the change effort. Effectively communicate to all stake holders and firmly incorporate the changes into the corporate culture.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The study had the objectives of establishing the practices used by CSC and the challenges faced during their strategic change management program. This chapter contains the research methodology that was used to conduct the research. The research design which was a case study is here in described. The data collection was done using both primary and secondary data, collected from interviewees and company database respectively. The data so collected went through content analysis.

3.2 Research Design

The type of research design that was used to carry out this research was a case study. A case study is a powerful tool for intensive investigation of a particular unit or situation under study (Kothari, 2004). It is used to answer the “how and why” without requiring control over the events. According to Yin (2003) a major strength of a case study is the opportunity to use many different sources of evidence because the use of multiple sources of evidence allows an investigator to address a broader range of historical, attitudinal and behavioural issues.

Case study was used because it is a powerful research methodology that combines individual interviews with record analysis and observations. The study sought to document in detail the strategic change management that CSC undertook and therefore requires information from a wide spectrum of those who were involved in the process of strategic change management. The primary advantage of this type of study is that the entire organization was investigated in-depth with attention to details.

3.3 Data Collection

In this case study, both primary and secondary data were collected so as to help answer the objectives. The primary data was captured through individual in-depth interviews (IDI). The interviews were carried out using a structured questionnaire to guide how the interviews were to be conducted. The instrument developed for the primary data collection was an interview guide containing both close-ended and open ended questions to avoid subjectivity resulting from limiting the interviewee's answers to questions. The guide has four sections grouped under two broader headings of change implementation and challenges to the change initiatives to cover forces of change, change management practices, change content and resistance to change.

The interviews for primary data collection were administered to TMT starting from the Chief Executive Officer (CEO), the Head of Factory (HOFA), Head of Human Resource (HOHR), Head of Finance (HOF), Public Relations Manager (PRM), Engineering Manager Workshop, Projects and Planning (EMWPP), Personnel Administration Manager (PAM), Process Manager (PM) and Agricultural Engineer (AE) .

Secondary data was also used in the study and was collected by going through company's management and operational meeting reports and minutes, and newsletters as source documents.

3.4 Data Analysis

The raw data that was collected during field work was transformed into information that was used to address the objectives of the research. The data so collected was mainly qualitative and was therefore subjected to content analysis. According to Nachmias and Nachmias (1996) content analysis is a technique for meeting inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends. Content analysis provides a researcher with a qualitative picture of the interviewees concerns, ideas, attitudes and feelings (Saunders and Thornhill, 2007). The first objective of this study which was to establish the strategic change management practices adopted by CSC got tackled by exposing the interview answers to content analysis.

Qualitative content analysis can be viewed as a comprehensive approach to data analysis which is especially suitable for case study research. It first extracts the relevant parts of the (text) material then analyses them. In this case study, because of the depth of interaction between the interviewer and the eight interviewees, a lot of was obtained that provided rich text for content analysis. In relation to the different questions raised to the interviewees, themes emerged. The questions in the interview guide were highly structured so as to elicit specific information towards getting answers to the objectives of the study. The themes that emerged from the open-ended questions represented the complete views of the interviewees. By analysing the answers to the questions in each section, themes emerged that led to the answers sought to the first objective on practices adopted by CSC.

The second objective of this research was to determine the challenges faced by CSC during the strategic change process. By subjecting the raw data to content analysis as explained above, the answers from the interviewees indirectly revealed the challenges experienced. This approach has been previously used by other researchers like Nyororo (2006), Ogada (2007) and Mwangi (2011). Nyororo in her study argues that content analysis is scientific, as the data collected can be developed and be verified through systematic analysis.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The objectives of the study were to establish the strategic change management practices adopted by CSC and determine the challenges faced during the implementation process. To achieve these objectives, primary data, mainly through interviews with selected TMT members and secondary data was collected and analysed using content analysis. In this chapter, the presentation, explanations and discussions of the findings in line with the objectives of the study are discussed. Also explored here are the challenges experienced and how they were overcome.

4.2 Forces of Change at Chemelil Sugar Company

Chemelil Sugar Company saw its operations literally come to a halt as a result of its inability to carry out its operations economically. The farmers who supply the raw material (sugarcane) stopped supplying due to huge amounts of unpaid arrears accumulated. This also applied to the suppliers of other items like factory spares, agricultural inputs as well as other materials needed to run the Company. The workers on the other hand had arrears on their salaries. This necessitated a critical analysis of the necessary strategies to enable the Company survive. The change of leadership became the axis on which the strategic change got anchored.

When the Board of Directors appointed a new leadership into position, the change leader who was the CEO sounded the urgency for change. Meetings were called from the TMT down to the entire spectrum of the workforce. The other stakeholders mainly farmers and suppliers were brought into the picture of the intended strategic changes the organization was about to make. The Ministry of Agriculture was involved to intervene for the fast-tracking of the long pending application for the factory rehabilitation loan from KSB. The loan was identified as the key factor that could jump start the Company performance after the rehabilitation of the factory. After the strategic change implementation, CSC has been brought into good operations that have enabled the Company to flourish.

It is evident from all the interviewees that strategic change was necessary as the readings were on the wall. The Company was hardly meeting its obligation to the stakeholders' hence urgent need for the change. The Company was definitely heading for a shutdown. The interviewees all concurred that the strategic change that took place was not planned but emergent.

4.2.1 Internal forces of change

Some interviewees identified mismanagement as one of the internal factors which necessitated change. Years of blatant mismanagement dragged Chemelil to its lowest ebb. The main activity that makes sugar companies tick is proper and regular maintenance of the factory. Previous management ignored this essential requirement and directed the Company resources to non-core activities. One classic example cited is that part of the 2009- KSB loan acquired for annual maintenance of the factory was used to pay old debts the Company owed to some of its debtors. Some interviewees noted that even the funds utilized in the 2009 maintenance of the factory were not put on the prioritized areas in the factory that could have given the highest returns.

4.2.2 External Forces of Change

The first external force of change was political force. The events that were unfolding in the Company perturbed all the stakeholders. The Government who owns 99% of the shareholding of the Company was getting concerned with governance issues and thus appointed a new chairperson to the Board of Directors and reconstituted the Board membership. The CEO who was appointed had to move fast to get Government intervention to fast-track the approval of the stalled funds from KSB to enable the factory undergo the much needed plant rehabilitation. "We had to get the personal intervention of the Permanent Secretary (PS) Ministry to Agriculture to push KSB to release funds to Chemelil to carry out the Annual Maintenance" said one of the interviewees, during the interview. The issues on governance by the previous Board of Directors had made KSB reluctant in releasing the funds given what had happened with similar funds loaned to CSC during the 2009 annual maintenance.

The second external force of change was the technological force. Low automation levels and equipment obsolescence was identified as another force that led to the strategic change in the organization. This resulted in inefficiency in operations in the Factory. "We are using comparatively old equipment and machinery unlike our competitors in the region" asserted one of the interviewees during the interview. The poor conversion ratio (TC/TS) meant that more sugarcane was used to produce one unit of sugar. This was making it difficult to pay farmers who resorted to taking their cane to the more efficient, modern nearby Kibos Sugar Mills.

The third external force of change was the industry regulation force. The Sugar industry regulator, KSB licensed a number of new sugar mills to operate without checking the availability of the sugarcane for them to crush. This set into action a fierce scramble for the available sugarcane in the entire sugar belts. This led into the term “poaching” where the new mills simply enticed farmers to sell cane to them leaving the Government owned mills with biting cane shortages. The law of supply and demand dictated an unprecedented increase of cane prices that were unsustainable. ‘We could not pay farmers in time and that made the farmers disillusioned thus giving their cane to the neighbouring mills, one miller even set weighbridges in our traditional sugarcane catchment zones” said one of the interviewees during the interview. “The lack of cane for the inefficient factory accelerated the cash flow woes the Company was facing” pointed out, one of the interviewees during the interview.

The fourth external force of change as recited by the interviewees was the economic force. The national economic performance had deteriorated causing a skewed distribution of wealth which is prevalent in Kenya leading to worsening conditions of life. The worst social effect on the country at that time was and is the increasing rate of poverty aggravated by rising levels of unemployment. By that time, the nation was in a campaign mood preceding the 2012 national elections. The main agenda of the government and indeed the manifestos of the parties contesting the general elections was to restore confidence in economic reconstruction to turn the economy around. The interviewees were of the view that farmers need to get higher returns from sugar cane farming so as to get encouragement to plant high sucrose, earlier maturing sugarcane varieties that would boost the recoveries in the industry. The continuous success of the farmers will be a true example of how economic diversification when properly managed can translate into economic success for all stakeholders.

4.3 Strategic Change Implementation at Chemelil Sugar Company

The interviewees concurred that an emergent approach of strategic change took place. The Board of Directors had to change the leadership of the organization in its efforts to save the Company from the eminent closure. The interviewees identified that the change processes at Chemelil Sugar Company were as a result of both internal and external factors. These factors exerted pressure on Chemelil Sugar Company to make the strategic change on the organization's operations for it to survive.

4.4 Strategic Change Management Practices at Chemelil Sugar Company

Experts have proposed a number of change management models. The findings suggest that the implementation of the strategic change at CSC was characterized by re-alignment. The implementation of strategies was a key factor of the Company's strategic objectives. The organization rolled out a new vision and mission which was geared towards refocusing on the Company's activities to concentrate on the core functions. The interviewees' answers went along with the strategic change management practices reviewed in literature.

4.4.1 Establishing Sense of Urgency

From the operational records available and the information gathered from the interviewees, it was clear that the sense of urgency was established. The future of the organization depended on how fast and effective it responded to the critical issues that emerged, threatening the survival of the Company. The Company leadership confronted the reality and articulated the convincing need for change. They demonstrated faith that the Company has a viable future and the leadership to take them there. Finally the TMT provided the roadmap to the intended steps.

4.4.2 Creating a Guiding Coalition

The Board of Directors of CSC, the Ministry of Agriculture, KSB, the CEO and the top management team (TMT) were the key stakeholders responsible in initiating the change that took place at CSC. All the concerned stakeholders expressed need for anything that could save CSC from collapsing. The concern of the CEO, and the TMT in spearheading the strategic change was that CSC should not have been where it was in the first place. The organization had great potential of springing back to profitability, from the long-time-loss making situation, “we had to categorically tell the Board of Directors that Chemelil will not close but will instead strategically spring back, when they suggested closure to reduce the losses” said an interviewee, during the interview.

4.4.3 Developing Vision and Strategy

All those interviewed concurred that CSC developed a new vision statement to reflect the new direction the Company wanted to take. The new vision read “The Company of choice in the manufacture of sugar and related products.” A new strategic plan was drawn for a five year period 2012/2013 – 2016/2017 in an attempt to identify and select the most effective way of using the available scarce resources to achieve a turnaround. Various strategies were developed of which the key one was to optimize and modernize the Factory operations.

4.4.4 Communicating the Change Vision

Too often, change leaders make the mistake of believing that others understood the issues, feel the need to change and see the new directions as clearly as they do. CSC change leadership knew this too well and made efforts to communicate the change message. The interviewees responded that the change was communicated through employee meetings with the TMT, a team responsible for driving the process was put in place to cover every department and ensure clear communication took place continuously. All the interviewees were unanimous that communication with various ranks improved considerably thus making the employees feel part of the change process. It was made clear that the change management will be beneficial not only to the Company but also to the employees. The employees were let to know how the changes will directly affect them.

4.4.5 Empowering Employees

The management team engaged employees through training which mainly centred on unlocking their potential and mind-dressing for the job. The training was geared towards changing the attitude of the employees and informing them of the changes that would take place and how they were expected to act in order to fit into the new way of doing things. They were encouraged to live up to the new vision and mission. Employees were brought to understand that it was not business as usual. The Company had serious cash flow issues and that meant that they had to cope with several months of small advances in place of salaries. To achieve teamwork the change in leadership involved the employees on making decisions on how to share any little cash when available. All the interviewees concurred that employees displayed a very rare sense of understanding. "The employees even agreed to participate in the maintenance work in the factory without normal demands of provision of all the protective gears" asserted one of the interviewees during the interview with her. Teams were formed to take care of various activities. The quality inspection and acceptance team was reconstituted to ensure that the spares and materials received for factory maintenance project were but only those meeting the quality criteria specified.

4.4.6 Starting at the Top

Change is inherently unsettling for people at all levels in an organization. When it is on the horizon, all eyes turn to the CEO and the leadership team for strength, support and direction. The leaders themselves must embrace the approaches first. Most of the interviewees, in this study acknowledge the fact that the TMT spoke with one voice which was a great motivation to the entire employee family of CSC. The TMT worked well together. “They were all aligned and committed to the direction of change” asserted one of the interviewees. They understood the culture and behaviours the changes intended to introduce and modelled those changes themselves.

4.4.7 Speaking to the Individual

The CSC management took into full consideration the fact that change is both an institutional journey and a very personal one for that matter. They therefore engaged individual employees through their supervisors in making them understand how their work will change, what is expected of them during and after the change programme. They were also educated on how their performance will be measured and what success or failure of the change programme meant to them. “The Supervisors candidly honest and explicit while explaining the reality to their subordinates,” said one of the interviewees “we did not dwell on plans and processes which do not talk back nor respond emotionally, but rather on human issues” retorted one of the interviewees.

4.4.8 Addressing the Culture

Company culture is an amalgam of shared history, explicit values and believes and common attitudes and behaviours. Once this was understood by those leading change in CSC, the leaders were explicit about the culture and the expected underlying behaviours that will best support the new way of doing business in CSC. The TMT found opportunities to model and reward those behaviours by developing a baseline that defined the desired culture with the attendant detailed plans to make the transition. These entailed issues from how to handle breakdowns in the factory up to how employees utilized the Company time more effectively.

4.5 Challenges Faced by CSC in Implementing Strategic Change

The study sought to determine challenges faced by CSC during the implementation process of the strategic change. The challenges identified where of two types, systematic and behavioural. Strategic change strategies have always proved to be a big challenge to management to ascertain success of any change efforts, the management team must be open and alert to all forms of resistance as well as development supported by any in-depth understanding of the culture and operational processes of an organization. CSC faced a number of challenges in the strategic change management. These included lack of resources for the implementation process go through, resistance by employees to change the culture that was entrenched in the organization. Other stakeholders mainly the farmers and supplier resisted the plans to effect the changes as this meant a shutdown of the factory for over six months. As much as the employees fully realised that change was necessary for the security of their jobs, and of course the overall continued survival of the organization, they still resisted the change. Some employees focused on the short term losses they anticipated instead of the long term benefits the change process was going to produce.

The other stakeholders equally exhibited resistance to the change. The farmers even went to the Ministry of Agriculture offices to complain of change as the change to them, meant that they will not bring their cane to the factory. The factory shutdown for six months was part of the change process meant to carry out extensive rehabilitation of the plant. The six months shutdown meant also that they (farmers) will not be paid their arrears in payments. Suppliers of spares and materials to the Company equally protested on the stoppages as this equally meant that they could not be paid their arrears for the six months shutdown.

4.5.1 Systemic Challenges

Systemic challenges stem from the business systems. From the interviews conducted, several systematic challenges got cited. Among them was the lack of funds to carry out the long overdue annual maintenance of the factory. The stakeholders resisted the closure for they thought that before the funds are given, there were no chances of resuming operations. Operational cash was consequently an issue following the closure as CSC has only one source of revenue; sugar produced from the factory when running.

During the factory shutdown, the Company was unable to meet its obligations. The farmers and suppliers and even the employees could not be paid salaries for eight months. The cash flow crunch resulted to a near stop of most of the economical activities associated with the Company. Loss of the raw material to the competitors was cited as a major challenge since the de-zoning of the sugarcane catchment areas meant that when the factory was to close for the six months, the farmers could take their cane to the neighbouring mills. This challenge meant that by the time the factory re-started milling, most of its cane could have been taken and milled by the neighbours. Over 60% of the interviewees recognized that cultural issues posed a challenge to the implementation process. The 44-year CSC history had a culture where people wanted things to remain the same way. The employees argued that the Company could possibly continue to operate as improvements were sought.

Most of the employees thought that shutting down the factory even before spares for rehabilitation arrived could be a silent company closure hiding in factory rehabilitation. Many of the stakeholders argued that rehabilitations normally take a maximum of eight weeks. The political challenge manifested in the form of lobbying by the farming community to Ministry of Agriculture to prevail upon CSC not to close down. The politicians took up the chorus in support of the farmers who are their electorates.

4.5.2 Behavioural Challenges

The most common challenge most strategic change programs encounter is the people dimension challenge of resistance. All the interviewees agreed that though the urgency for change was clear and understood by stakeholders, they still offered resistance to the intended strategic change. This findings of the study agree with the literature review that when you plant to change, plant to deal with resistance. Resistance is the inevitable friction between where you want to go and where you are. According to Balogun and Hailey (2008) and Nelson and Quick (2008), changes are people oriented hence resistant is expected.

4.6 Measures to Deal with the Challenges

The implementation of any change process has effects on the employees in an organization. Whether the challenges are systematic or behavioural, they affect people hence need to be dealt with for the change programme to succeed. The systematic challenge of lack of finding, according to one of the interviewees' was tackled by intense lobbying with the Ministry of Agriculture officials who intervened and ensured a loan was granted by the KSB to carry out factory rehabilitation. The Company had to settle in disposal of scrap metal and molasses to raise funds to keep the Company going in terms of day to day running during the six months closure.

The TMT went into clear and effective communication of every detail required multi-directionally with follow ups to ensure acknowledgement. All the stakeholders got communicated to from time to time during the change process. The Human Resource department carried out intensive training of the employees to make them understand the benefits of the change to both the Company and themselves. To address the behavioural challenges, the change leaders looked at the "human side" systematically. The change crusade started from the top management down to involve every layer of the workforce. The change champions preached to the employees creating ownership. The cultural landscape was assessed and tackled. Employees not copy8ing with change pressure got assistance to cope with the adjustments necessary. The change achievements were monitored to note the responses. The workers resistance, both genuine, guerrilla or Ghandi got dealt with swiftly as it surfaced.

4.7 Discussion of the findings

The findings on key challenges to implementation of strategic change at CSC largely concur with other works done by researchers in the field of strategic change management. The dominating themes mirror what has been established as impediments to strategic change implementation or execution in many other organizations. The findings also confirm what other authors have observed that there is no definitive recipe to successful implementation of strategic change that cuts across all company situations. For instance implementing a new strategy for a company which is struggling in the midst of a financial crisis, as the case was with CSC, is out-rightly different from that of improvement strategy execution in a company which is different from that of improvement strategy execution in a company which is still running well. For instance, Thomson et al (2007) emphasized marshalling of sufficient resources and people behind the drive for execution of strategic change.

A company's ability to marshal resources needed to support new strategic initiatives and steer them to appropriate organizational units has a major impact on the implementation process of the strategic change process. When there is a strategy which has to be implemented, it is from theory to practice in order to translate into tangible and measurable actions (Burnes, 2004). The findings suggest that there were factors that determined the success of management of strategic change in the Company. These factors include strong leadership, corporate culture, values and beliefs of the employees, constant communication, adequate resources, support systems and structure. These findings are supported by the previous studies in literature (Mitzberg, and Quinn, 2002; Scholes and Johnson, 1997; Stoner, 1995).

Further in communicating about the need for change, the Company emphasised the importance by explaining why the change was necessary. This is in accordance with Nelson and Quick (2008), who have suggested that effective communication about change and the reason for change reduce speculation and allay unfounded fears. Stoner and Freeman (1995) have also advocated that establishing a culture that is supportive to change is critical to successful implementation of strategic change.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the key findings based on the objectives of establishing the strategic change management practices adopted by CSC and the challenges faced. From the findings, conclusions were drawn on how the study objectives were achieved. The chapter also covers the recommendation for policy, practice and limitations of the study. Suggestions for further research arising from the limitations are given at the end of the chapter.

5.2 Summary of Findings

Successful implementation of a change program is very satisfying and an important achievement for an organization. However, before implementing, the organization has to know what needs to be changed. For CSC, the corporate culture, leadership, values, structure, teamwork and relationships were to be changed. The Company's survival was at stake and stakeholder demands, the business environment and the sugar industry was becoming increasingly competitive. For CSC, some of the strategic management moves were to convert a long standing bank overdraft into a term loan, shutting the factory even before spares were supplied, streamlining procurement processes and instituting strict control of the available scarce resources during the six- months factory shutdown for rehabilitation. By all this, the Company was able to reverse the loss making trend.

Management did anticipate resistance and came up with effective ways of dealing with it. Management greatly improved in communication, encouragement and emphasis on the need for teamwork. Teamwork proved out to be the key to the achievement of company's strategic change objectives. Employees' participation in planning of day to day activities proved to be a motivating factor to them. This endeared the employees to the Company's vision and mission thus making management deal with less resistance. The Company set up a performance based reward system that aligned the performance contracts to the appraisal system that led to rewards and sanctions. This resulted into a doubling of the workers efforts which essentially translated into more production.

5.3 Conclusion

Effective implementation of change programs is normally facilitated by certain critical context-specific factors that need to be understood if the strategic change has to be successful. The success of nay well intended change program is a pride to any organization. The findings of this study shade adequate light to draw pertinent conclusions about strategic change management practices adopted by CSC. It can be concluded that the practices adopted by CSC were unique to the Company's prevailing circumstances that had led to the quest for strategic change. The findings indicate that the change management practice of managing the "human issues" is the most important of them all. These findings agree with empirical studies in strategic change management that have been carried out in other institutions. In strategic change management dimension, it was equally concluded that strong leadership contributed greatly to the success of the strategic change at CSC.

During the research, the researcher discovered that other things come into place when it comes to managing strategic change. In literature review, several aspects have been discussed as the critical success factors towards implementation of change. However, in this research, more factors came to light as important factors, given the uniqueness of the situation at CSC. The CSC case was of interest to the entire sugar industry due to the scepticism within several quarters that the Company was not likely to survive. Encouraging milestones towards the achievement of the strategic change were well defined in the Company's blue print hence the ability of focusing on the planned direction. This led to the completion of the tasks set and within the targeted timelines with the desired results. CSC can today boast of achieving factory operational targets only seen several years back before the performance plummeted.

5.4 Recommendations for Policy and Practice

From this study, a number of issues arose that warrant appropriate recommendations. First, the Company operates in an overly growing competitive environment thus calling for quick strategic changes to cope up. The expiry of the COMESA safeguards in February 2015 is worry enough to catapult the organization's leadership into strategic change processes that will ensure its future survival. From the study, it became clear that the Company landed in the situation it found itself due to lack of focus on the core business by the previous management. The Company leadership needs to come out of political patronage and concentrate on running the Company as a business that must survive in a fierce competitive environment. Activities need to be prioritized based on value addition so as to avoid losing focus on the mandate of the Company.

To-date, the Government of Kenya (GOK) through the respective ministries has the mandate to appoint those who manage parastatals. Though the appointing process start with competitive interviews organized by the BOD of the organization, three names are recommended to the parent ministry's Cabinet Secretary who has the final decision on who to appoint out of the three. In most cases, the successful candidate is likely to be the one who is politically aligned. These politically-correct CEOs continue to wreak havoc to organizations so long as they are in tandem with the politics of the day. The BOD has little powers on such errant CEO's since they (the BOD) are also appointees of the same government of the day. Mixing politics with business is this erratically more competitive world is not everybody's cup of tea.

The regulation of the sugar industry in Kenya needs a more focused approach. The CSC's previous woes were partially due to poor regulation of the industry whereby the establishment of more milling capacity without the commensurate development of the raw material ended up putting the entire sugar industry in disarray. The Government needs to strengthen the sugar industry Directorate and let parastatal millers like Chemelil go private. The Government has no business trying to do business where others can do better. This kind of scenario impedes execution thus exposing the Company to unfair competition from the private players in the industry. The management of the previous sugar industry regulator, KSB, has also not been free from political interference thus making political decisions instead of business decisions. Hopefully, the formation of the great ALFA will improve on these lines.

The factory annual maintenance is a critical process in a sugar factory. CSC landed in the situation it found itself in because it ignored to carry out regular annual maintenances as is the case with good practices. It is recommended that in future, it will be paramount to save a percentage of the sugar sales revenue in preparation for buying spares towards rehabilitation of the factory annually. This will ensure enough spares even if bought in a staggered manner to carry out maintenance instead of waiting and looking for loan handouts for the same.

The practices the company put in place during the strategic change management need to be enhanced to ensure continuity of the results obtained. The practice of carrying out performance based appraisals has already been achieved by CSC out of this system. Other practices like good communication, good teamwork and ownership by the workers need to be pursued consistently so as to maintain the good result posted since strategic change.

5.5 Limitations of the study

This was a case study with a focus on how CSC managed its strategic change programme. In order to ensure a certain validity of research, it is important to state the limitations. Every study encounters some level of limitations that need to be stated to ensure validity. The conclusions made from this study may not be that conclusive in that other alternative explanations could be offered for the same observations.

The study findings depended largely on in-depth interviews with a section of staff whose observations and experiences with the strategic change episode may not be free from personal bias. It was challenging at times to get the interviewees who were largely Heads of Department to sit down for the interviews. It should be noted that this study was carried out in the context of the circumstances that existed in CSC at that time and cannot therefore be said to apply across the board on all other similar organizations.

It is important to remember that this study followed a qualitative approach and thus data was analysed and interpreted in a subjective manner, which is consequently not free from interviewer bias. This could affect the results of this research.

5.6 Suggestions for Further Study

The study explored on the management of strategic change at CSC. Strategic change management practices and challenges experienced by the CSC have been brought out. Given the nature of case studies, further research needs to be conducted to enable analysis of applicability to other contexts. The study will attempt to further report full range of the responses from an expanded range of interviewees. The interviewees should in this case span over a wider range of the employees.

Studies should be carried out in similar institutions in the sugar sector that have undergone same turn-around episodes, as a way of increasing the knowledge in the field of strategic change management. For CSC, a study needs to be carried-out to determine the effect of corporate governance on the performance of the organization.

The data collected and subjected to content analysis depends on the questions raised in the interview guide. The restructuring of the questions in the interview guide largely determine the quality and the direction the answers normally take. To reduce bias and subjectivity, further research needs to be done to restructure the questions in a more robust methodology.

REFERENCES

Balogun, J. and Hailey, H.V. (2008). *Exploring Strategic Change.* 3rd Edition London: Prentice Hall.

Brown, R. (1988). *Group Processes. Dynamics within and between groups*, *28-32*, Oxford: Blackwell.

Beckhard, R. and Harns, R.T. (1987). *Organizational Transitions*. Managing Complex Change. 2nd Edition. Addison Wesley: Reeding M.A.

Brown, S. and Einsenhardt, K. (1995). *Past Research, Present Findings and Future Directions*. Academy of Management Review, 20.

Burnes, B. (2009). *Behavioral Issues in Change, in Cornell C (ed.) Change Management*: The theory and practice of strategic change management: London

Burnes, B. (2004). *Managing Change, 4th Edition.* Harlow, UK: Pearson Education Ltd.

Burnes, B. (2000). *Managing Change, A Strategic Approach to Organizational Dynamics*. 3rd Edition, Prentice Hall: London

Carnell, C. (2007). *Managing Change in Organizations*. 5th Edition. Harlow Prentice Hall.

Cooper, D. R. and Schindler, P. S. (2006). *Business Research Methods*. 9th Edition, New York: McGraw-Hill/Irwin.

Cummings, G.T. and Worley, G. C. (2009). *Organizational Development and Change*. 9th Edition, Canada: Cengate Learning

Gleick, J. (1987).*Chaos; Making a New Science*. Viking Penguin Inc. London.

Hamel, G & Prahalad, C.K. (1994). *Competing for Future*: Harvard Business School Press.

Hill, C. W. and Jones, G.R. (1999). *Strategic Management.* Irwin McGraw-Hill, 5th Edition.

Hofer, C.W. and Schendel, D. (1978). *Strategy Formulation Analytical Concepts*. St. Paul: West Publishing, London.

Howard, A. and Associates (1994). *Diagnosing of Organizational Change*. Methods and Models: The Guiford Press, New York.

Johnson, D.W. and Johnson, R.T. (1995). Positive interdependence: Key to Effective Cooperation, Cambridge: Cambridge University Press.

Johnson, G. and Scholes, K. (2002). Exploring Corporate Strategy; Texts and Cases, Prentice Hall; New Delhi

Johnson, G. and Scholes, K. (1997). *Exploring Corporate Strategy*. 4th Edition, Europe: Prentice Hall.

Kanter, S. (1996). *The Challenge of Organizational Change;* now companies experience it and leaders guide it. The Free Press, New York.

Kothari, C.R. (2004). Methodology: Methods and Techniques Research. 2nd Revised Edition, Delhi, India: New Age International (P) Limited.

Kotter, J.P. (2007). *Leading change- Why Transformation Efforts Fail*. Harvard Business Review

Kotter, J.P. (1996). Kotter, J. (1995). *Leading change*. Why transformation efforts fail. Harvard Business Review, 73(2), 59-67.

Kotter J.P. (2012). Kotter, J. (1995). Accelerate. *Harvard Business Review*, 13, November 2012.

Megginson, L.C. (1963). *Lessons from Europe for American Business”*. Southwestern Social Science Quarterly 44(i); 3-13

Miles, R.E. and Snow, C.C. (1978). *Organizational Strategy*. Structure and Process; New York; McGraw-Hill

Mintzberg, H. and Quinn, J.B. (2002). *The Strategy Process Concepts, Contexts, Cases*. 4th Edition, Harlow, UK: Pearson Education Ltd.

Mwangi, F.N. (2011). *Management of Strategic Change of New Kenya Co-operative Creameries (NKCC) Company Limited*, (Unpublished MBA Research Project), SOB, University of Nairobi, Kenya.

Nauheimer (2005). *Introduction to Change Management*. Change management toolbook.com

Nelson, D. L. and Quick, J.C. (2008). *Understanding Organizational Behavior*. 3rd Edition, Canada: Thomson Higher Education

Nyororo, C. (2006). *Strategic Change Managemen*t *at National Social Security Fund*, (Unpublished MBA Research Project), SOB, University of Nairobi, Kenya.

Ogada, A.O. (2007). *Strategic Change Management at the Wrigley Company East Africa (WCEA)*, (Unpublished MBA Research Project), SOB, University of Nairobi, Kenya.

Saunders, M. Lewis, P. and Thornhill, A. (2007). *Research Methods for Business Students*, 4th Edition, England: Pearson Education.

Stoner, J.A.F. and Freeman R.E. (1995). *Management.* 6th Edition, Dallas, Texas: Prentice Hall.

Stuart, R. (1995). *Experiencing Organizational Change: Triggers, Processes and Outcomes of Change Journeys*, Personal review, vol.24(2), pp.3-88

Thompson, A.A. and Stickland, A. J. (1999). *Strategic Management*: Concepts and cases, 11th Edition, Singapore; Irwin Mcgraw Hill.

Ulrich, D. (1997). *Human Resource Champions.* Boston: Harvard Business, School Press.

Watson, T. J. (2003). *Strategists and Strategy Making.* Strategic exchange and shaping of individual lives and organizations future, Journal of Management Studies, 40(5).

Worley, C. G. (1996). *Integrated Strategic Change*. Addison-Wesley Pub. Edition in English.

Yin, R. (2003). *Case Study Research, Design and Methods.* 3rd Edition, Vol.5. Thousand Oaks, CA: Sage Publishing.

APPENDICES

Appendix I: Interview Guide

RESPONDENTS'S PERSONAL DETAILS

1 Position in the company…………………………………………

2 Department…………………………………………………………

3 Number of years with the company………………………………..

CHANGE IMPLEMENTATION

A. FORCES OF CHANGES

1. Are you aware of the changes that took place in the company recently?
2. What were the forces that necessitated change at CSC?
3. What were the objectives of changes in CSC?
4. What factors external to CSC influenced the change process?
5. What factors within the CSC motivated the change process?
6. In your view, were the changes necessary?

B. CHANGE MANAGEMENT PRACTICES

1. Who in your view initiated the change management practices at the CSC?
2. Were the external consultants involved in the change management process?
3. If yes, at what point in time were they involved?
4. What was their level of involvement?

C. CHANGE CONTENT

1. Has the change practices affected people, organization, technology and process at CSC?
2. If yes, please itemize the elements of the change management practices that affected people, organization, technology and processes.
3. Have the changes impacted positively or negatively on the CSC?
4. There was urgency for change, how was urgency momentum built and incorporated in the change management process?
5. Were there specific teams mandated to lead the change process?
6. What factors were taken into account in forming the teams?
7. Were these teams given roles and powers?
8. If yes, what roles and powers were they given?
9. Were there short term targets to monitor the changes?
10. If yes, were those who achieved targets rewarded?

CHALLENGES TO THE CHANGE INITIATIVES

RESISTANCE TO CHANGE

1. What was your view towards the change process?
2. What would you say were the taking of top management towards the change process? Were they supportive?
3. What did you notice as the views of other managers towards this process?
4. How would you rate the enthusiasm of the rest of the employees on the change process?

In your own view, do you think there was resistance to the change process at CSC?

Appendix II: Letter of Introduction

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

KISUMU CAMPUS

Telegrams: "Varsity" Nairobi
Fax: 4181650
Kisumu, Kenya
Telex: 22095Varsity
Mobile: 0720348080
Email: ajaleha@uonbi.ac.ke

P.O Box 19134-40123
Kisumu, Kenya

Date: 09th September, 2014.

TO WHOM IT MAY CONCERN

The bearer of this letter Mr. Kamemba Raphael Ondieki

REGISTRATION NO: D61/65161/2011

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, he is expected to carry out a study on **"Management of Strategic change at Chemilil Sugar Company."**

He has identified your organization for that purpose. This is to kindly request your assistance to enable him complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

MR. CHARLES DEYA
ADMINISTRATOR, SOB, KISUMU CAMPUS
Cc File Copy

CO-ORDINATOR
08 SEP 2014
SCHOOL OF BUSINESS
KISUMU CAMPUS
UNIVERSITY OF NAIROBI

ISO 9001:2008
The Fountain of Knowledge
Providing leadership in academic excellence