

**MANAGING STRATEGIC CHANGE AT THE KENYA ROADS BOARD**

**By**

**BITA RUTH MORAA**

**A Management Research Project Submitted In Partial Fulfillment of the  
Requirements for the Award of Degree of Master of Business Administration, School  
of Business, University of Nairobi**

**MARCH 2011**

**DECLARATION**

This Management Research Project is my original work and has not been presented for the award of a degree in any University.

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

**Bitia Ruth Moraa**

**REG NO: D61/9213/2005**

This Management Research Project has been submitted with my approval as the University Supervisor

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

Dr. Maalu Jackson

Senior Lecturer,

School of Business,

University of Nairobi

## **DEDICATION**

This Research Project Report is dedicated to my husband Peter, my children Diana Daniel, Solomon and Martin. They have been a source of encouragement to me at all times. Their encouragement even when I wanted to give up on the project has been a source of strength.

## **ACKNOWLEDGMENT**

My Special thanks go to my Supervisor, Dr. Jackson Maalu for his tireless efforts in guiding me throughout the duration of the study. I also wish to acknowledge the contributions of my colleagues Sally Kangethe, Rodah Ochira and Kepha Mogeni for their encouragement and proof reading of the document. My sincere thanks also go Professor Evans Aosa and Professor Francis Kibera for their encouragement from the start of the Project to its end.

## TABLE OF CONTENTS

<u>DECLARATION.....</u>	<u>2</u>
<u>DEDICATION.....</u>	<u>3</u>
<u>ACKNOWLEDGEMENT.....</u>	<u>4</u>
<u>TABLE OF CONTENTS.....</u>	<u>5</u>
<u>LIST OF TABLES.....</u>	<u>7</u>
<u>ABBREVIATIONS.....</u>	<u>8</u>
<u>CHAPTER ONE.....</u>	<u>11</u>
<u>INTRODUCTION.....</u>	<u>11</u>
<u>1.1 Background.....</u>	<u>11</u>
<u>1.1.1 Strategic Change Management .....</u>	<u>11</u>
<u>1.1.2 The Roads Sub sector in Kenya.....</u>	<u>11</u>
<u>1.1.3 Kenya Roads Board.....</u>	<u>11</u>
<u>1.2 Statement of the Problem.....</u>	<u>12</u>
<u>1.3 Research Objectives.....</u>	<u>12</u>
<u>1.4. Importance of the Study.....</u>	<u>12</u>
<u>CHAPTER TWO.....</u>	<u>13</u>
<u>LITERATURE REVIEW.....</u>	<u>13</u>
<u>2.1 Introduction.....</u>	<u>14</u>
<u>2.2 The Concept of Strategy.....</u>	<u>14</u>
<u>2.3 Strategic Change .....</u>	<u>14</u>
<u>2.4 Management of Strategic Change .....</u>	<u>15</u>
<u>2.5 Approaches to Strategic Change Management.....</u>	<u>15</u>
<u>2.7 Rationale for Strategic Change Management.....</u>	<u>16</u>
<u>2.8 Factors Influencing Management of Strategic Change .....</u>	<u>16</u>
<u>CHAPTER THREE.....</u>	<u>18</u>
<u>RESEARCH METHODOLOGY.....</u>	<u>18</u>
<u>3.1 Introduction .....</u>	<u>18</u>
<u>3.2 Research Design.....</u>	<u>18</u>
<u>3.3 Data Collection.....</u>	<u>18</u>

3.4 Data Analysis .....	18
CHAPTER FOUR.....	19
FINDINGS AND DISCUSSIONS.....	19
4.1. Introduction.....	19
4.2. Change Implementation at Kenya Roads Board.....	19
4.2.1 Forces of Change at Kenya Roads Board.....	19
4.2.2. Approaches to Change Management at Kenya Roads Board.....	20
4.2.3 Change Management process at Kenya Roads Board.....	20
4.2.4 Impact of Change Content/Practices at Kenya Roads Board.....	21
4.3. Factors Influencing Corporate Change initiatives at Kenya Roads Board.....	24
4.4 Discussion.....	25
CHAPTER FIVE.....	27
SUMMARY CONCLUSIONS AND SUGGESTIONS.....	27
<u>This chapter presents the summary, conclusions and suggestions of the study. It also highlights the recommendations, limitations of the study and suggestions for further research.....</u>	<u>27</u>
5.2 Summary.....	27
5.3 Conclusions.....	27
5.5 Limitations .....	28
5.6 Suggestions for Further Research .....	28
REFERENCES.....	30
APPENDIX I .....	36
LETTER OF AUTHORIZATION.....	36
APPENDIX II.....	37
KEY PERFORMANCE INDICATORS STRUCTURE .....	37
APPENDIX III .....	38
INTERVIEW GUIDE- CEO. & HODS.....	38

## LIST OF TABLES

Table 4.2.4a: Key changes in the Organization Structure.....	34
Table 4.2.4b: APRP Funding against RMLF.....	27
Table 4.2.4c: Road Inventory 2004-2010.....	38
Table 4.4.2d: KRB LOGO.....	39
Table 4.3.1: Evaluation of Managers feelings towards change.....	42

## ABBREVIATIONS

CM	Change Management
CRC	Constituency Roads Committee
EU	European Union
GOK	Government of Kenya
HR	Human Resources
HOD	Head of Department
IT	Information Technology
KRB	Kenya Roads Board
KWS	Kenya Wildlife Service
KERRA	Kenya Rural Roads Authority
KURRA	Kenya Urban Roads Authority
KENHA	Kenya National Highways Authority
KIHBIT	Kenya Institute of Highways Building
M&TD	Mechanical & Transport Department
MICT	Manager Information & Communications Technology
MLCA	Manager Legal & Corporate Affairs
PROc	Procurement
PP	Planning and Programming
RMI	Road Maintenance Initiative
RMLF	Road Maintenance Levy Fund
RSIP	Road Sector Investment Programming
SSSTP	Sub Saharan Africa Transport Policy
RSS	Road Sub-Sector
SWOT	Strengths, Weaknesses, Opportunities, Threats
UDD	Urban Development Department
SAGA	Semi Autonomous Government Agency
TC	Technical Compliance
SC	Strategic Change
SCM	Strategic Change Management



## **ABSTRACT**

The Business environment especially in the last five years (2005-2010) has been punctuated with a great deal of environmental turbulence. Environmental turbulence has seen fundamental changes in the corporate and public sectors. Changes in politics, governance, IT, customer preferences and tastes, globalization and increased competition have left many firms with inability to manage the change process. It is for this reason that the study intends to find out how strategic change has been managed at the KRB. The study is, therefore a case study with two main objectives; first, the study will seek to establish the strategic change management practices at the KRB; secondly, the research seeks to establish the factors influencing strategic change management at KRB.

The need for this research arose from the fact that little, if any, research has been undertaken in the area under investigation. Again the strategic change management practices of firms have become a central focus in the recent times in Kenya especially given the lack of leadership and the nature of resistance to change. It is believed that the findings of this study will be both crucial to both the management of KRB, the Government and donors in relation to policy matters. The study adopted the case study design which focused on the KRB. Data was collected by use of interview guides whereby Heads of Departments (seven in number) were interviewed. Analysis and presentation of data was undertaken qualitatively through content analysis.

From the findings KRB was found to have adopted both planned change and emergent change management approaches. Employee and other stakeholder involvement in the strategic change management were key processes. Key stages in the change management included creation of urgency, developing and sharing vision, empowerment and participation of all stakeholders. However, change implementation at KRB was never smooth. There was systemic resistance arising from the non adoption of modern technology. Although employee competence was high, the lack of appropriate technology did not improve the process. Behavioral resistance by employees was also established in the study.

Successful strategic management calls for strategic leadership and creation of a learning organization where all employees individually and collectively are always able to and ready to embrace change together with all its challenges with a vision of continuous change and improvement with changing environment.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background**

Organizations are open systems. They are open to and serve their environment in which they exist. They receive inputs, process them and give back ready products and services to the environment ( Ansoff & Mcdonnell, 1990). Any changes in the environment therefore, almost automatically affect the way organizations undertake their businesses. In the face of an ever changing external environment, there are several surprises, discontinuous change, unpredictability and rapidity of change, all of which must be taken care of for strategic change management to be successful.

##### **1.1.1 Strategic Change Management**

Strategy is a game plan that a firm adopts so as to create a competitive edge. A competitive edge implies that a firm is capable of offering quality products and services that satisfies customers and other stakeholders beyond their expectations. As a winning formula, the firm must create a fit between its internal conditions and capabilities and its external environment demands, be it challenges or opportunities (Burnes, 1996). The overall goal of strategic management therefore, centers on the building and maintenance of sustainable advantage through shareholders or stakeholders wealth or satisfaction (Grant, 1998). As a process, strategic management involves strategy formulation,

implementation, evaluation and control (Pearce & Robinson, 2003). It is important so as to tap into the opportunities in the environment as well as handle the challenges therein.

Firms which fail to respond to the environmental changes are much of the time either swept aside by change or destroyed by change (Pierce & Robinson). The challenges in the external environment must therefore be anticipated, monitored, assessed and incorporated into executives strategic decision making processes, including more fundamentally, strategic change (Wairegi, 2003) . Strategic change picks on the second aspect of strategic management process of implementation. Corporate change is the alteration of the status quo so as to be able to address the environmental turbulence and deliver on the firm's objectives (Hill & Jones, 1999).

Management of strategic change ensures that planned strategy and change is given a compass bearing, cost efficiency and effectiveness and within specified time frame (Davis & Star, 1993). Organizations must therefore have the ability to manage change for purposes of building a competitive edge. This could only be achieved if the change is customer focused (Ansoff & Macdonnell). There are two basic levels of strategic change management: planned strategic change management and Emergent strategic change management. Planned change is proactive change. It is consciously planned by management to take the firm from one fixed state to another by utilizing pre planned steps. This is the kind of change that works well in a relatively stable and predictable business environment (Porter, 1980). However, emergent strategic change management

approach addresses the continuous and ever-changing, unpredictable business environment. It is open and constantly keeps aligning the firm with the external environment. In other words, this approach revolves around matching the internal capabilities of the firm with the environment (Aosa, 1992).

### **1.1.2 The Roads Sub sector in Kenya**

In developing countries, Roads carry between 80-90% of the region's passenger and freight transport (Nyangaga, 1999). The roads sub-sector plays an important role in Kenya's economic development. As a result of this, Kenya expanded its network considerably in the 1960's and the 70's. By the end of the 1980's, there was a big road network in place. However, in spite of the importance of the road network, the roads were poorly managed and poorly maintained. Research conducted had shown that a third of the asset value estimated at US\$ 170 Billion in the 1980's had been eroded through lack of maintenance (Nyangaga, 1999). When roads are not maintained, vehicle operating costs spirals and consequently, holds back economic growth.

By the 1990s, the poor road network prompted the GOK to embrace a reform agenda in the road sub-sector (RSS) with the assistance from the World Bank through the Sub-Saharan Transport Policy (SSATP). The SSATP sponsored the study called the Road Maintenance Initiative (RMI). The RMI established four building blocks for the reform agenda of the road subsector. The Road Maintenance Levy Fund (RMLF) Act was passed in 1993 and amended in 1994 which established the RMLF Fund. The Fund has grown

over time from Kshs 1.3 Billion in 1994/1995 to Kshs 3.3 Billion in 1997/1998 to Kshs 24 Billion in 2010 ( KRB strategic plan 2008-2012).

In 1999, through the Kenya Roads Board Act 1999, KRB was established as the first building block for reforms in the roads subsector. KRB mandate was largely to manage the funding component and therefore separate the financing and the client relationship. In 2007, the Roads Act 2007 was enacted and it created the institutional framework envisaged in the reforms by creating independent units of Government responsible for road management; The Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURRA), & Kenya Rural Roads Authority (KeRRA). Kenya Wildlife Service remained as an Agency and later an amendment to the Act added Constituency Roads Committees (DRC, Gazette Notice 2009) as Agencies for road management (Kenya Roads Act 2007). In June 2009, through the Exchequer Act, Parliament made further changes to establish the Constituency development Committees (CRCs) as Agencies with same mandate of rural roads that had also been placed under KERRA.

At inception 1999, Kenya had forty two (42) Districts and therefore forty two District Roads Committees for roads implementation. By 2010, there were two hundred and sixty two (262) districts (GOK organization structure 2010). Finally, the new Constitution 2010 has established forty seven Counties. The Counties are the future of administration and policy structures for management of our country (Constitution Of Kenya, 2010). Under devolved government, further changes are expected.

A study done by Scotts Wilson in 2003, found out that Kenya had a dense road network in the highly populated areas and some level of access throughout the country of about 100,000 Kilometers, of which 8,800 Kilometers were paved (compared to 1,800 upon independence). The study also established that while the network was adequate, its quality was poor and dilapidated. In addition, the Road Inventory survey conducted in 2009 placed the size of the Road network in Kenya at 160,889 Kilometers with 11,200 Kilometers being paved roads while the unpaved road network now stands at 149,689 Kilometers (Gath Consulting Engineers- 2009).

### **1.1.3 Kenya Roads Board**

The KRB is a state corporation established by an Act of Parliament, KRB Act, 1999. According to this Act, the object for which KRB was established was to play an oversight role over the entire road network. However, in the Roads Act 2007, the object and purpose was amended to focus on the road network funded by the Board. The Object and purpose for KRB now states that it “is to oversee the road network in Kenya and thereby coordinate its rehabilitation, maintenance and development funded from the Kenya Roads Board Fund and to be the principal adviser of the Minister on all matters thereto”(KRB Act No. 9 of 1999).

The fundamental changes that established KRB envisioned an improved road network, specifically in the coordinating, planning, funding and value for money audits and thus the delivery of the road network (KRB Act, No. 9 1999). This was the basis for the

creation of the KRB. For a while now, stakeholders have noted significant improvement of the road network in Kenya (Customer Satisfaction Survey, 2009). But a lot of work remains to be done before the sector can be said to be meeting customer expectations.

Upon establishment, KRB proceeded to organize itself to manage the change process. The Board created the RMLF fund structures; the planning mechanisms using the Annual Roads Works Programme (APRP), and Works Audit programmes for Value for money. In addition, stakeholder involvement programmes are at the forefront of KRB strategic communications. Major efforts have also been placed in completion of roads sector Reform agenda; inventorying the road asset and development of the Road Sector Investment Programme. Other areas of strategic importance to KRB has been in the area of developing technical capacity of local contractors especially for strategic local participation and local capacity growth and development of a strategy for roads maintenance using the locally available resources.

## **1.2 Statement of the Problem**

Strategic Change Management is a necessary condition in industry now more than ever before, as a response to the turbulent environment. Strategic Management is context related and cannot be the same for all types of situations for all organizations (Johns & Scholes, 2003). However, Strategic Change Management is an uphill task and in most cases elusive (Strebel, 1996). Only 20-50 of organizations undertaking Strategic Change Management do succeed (Strebel, 1996). In organizations faced with several challenges



like inadequate funding and corruption, Strategic Change Management is an even bigger task.

Taking over from the Ministry of Roads that has hitherto been perceived to require reform, KRB must live to the customer's expectations of creating value. The importance of an efficient and effective transport and communications network cannot be understated. Even with the advent of advanced information technology such as e-commerce and e-management, the role played by physical infrastructure such as the road network, is quite immense especially in national economic development. There is need not only for an elaborate but also a well maintained road network. This is because 80-90% of Kenya's passenger and freight is carried by road (Nyangaga, 1999). In addition, when we consider the fact that Kenya and its port of Mombasa are strategically located in the Region for transit cargo giving opportunities especially to Southern Sudan and Central Africa countries, the road network becomes even more important. It is on the basis of this that the government formed the KRB to among others offer the Strategic oversight over Kenya Road network especially in areas of maintenance.

At yet another level, it should be noted that quite some substantial literature has been written in the area of Strategic Change Management in various organizations in Kenya. Researchers including Sheikh (2000), Bwibo(2006), Muturi (2003), and Otiso (2008) have done quite some bit of research on Strategic Change Management. Sheikh and Otiso's studies focused on the insurance industry. Bwibo researched on the NGO's while

Muturi looked at Strategic Change Management at Plan International. While also these studies gave some insights on the Strategic Change Management in organizations, none of them gave special attention to Strategic Change Management at KRB. Ongaro (2004) also studied Strategic Change Management practices at the KNH. He found out that Strategic Change Management process faced such challenges as systemic, ineffective leadership and management, inappropriate culture and behavioral resistance. A research by Ogwora (2003) looked at the Strategic Change Management at the National Cereals and Produce Board. He found out that even when the Strategic Change Management was handled by competent staff, again the Kenyan business context environment impacted negatively on the planned change. Equally, Kasina (2004) looked at Strategic Change Management and resistance in Multi-national Oil companies in Kenya. He concluded that much of the resistance to change is behavioral in nature and is based on sabotage.

While the above researches are a great contribution to strategic change management, there is no research which has been undertaken on Strategic Change Management at KRB. Clearly, this demonstrates a huge knowledge gap on Strategic Change Management at KRB. On the basis of the above, the question then is what strategic change management practices have KRB utilized to bring about change in the road subsector?

### **1.3 Research Objectives**

The objectives of this study were:

- a) To establish the strategic change management practices at Kenya Roads Board;
- b) To establish factors influencing strategic change management at Kenya Roads

Board.

#### **1.4. Importance of the Study**

The findings of this study will be important to the organization and its stakeholders. First, KRB will find the study useful as it will help them in evaluating and getting feedback on the progress and success of change. This may serve as the foundation of undertaking Strategic Change Management programmes in the future.

To the scholars, the findings of this study will contribute to the reservoir of knowledge in the area under investigation. Future researchers will fall back on the findings of this study on issues such as literature review, identification of the research problems and research methodology issues among others.

Also, the research findings will be important to other organizations in the transport and related industry as it will unravel the strategic change management right from formulation to implementation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter represents literature review of the study. It captures the concept of strategy, strategic change, management of strategic change and approaches to strategic change management. Arguments by various scholars on strategic change management tools, rationale for strategic change management as well as factors influencing management of strategic change also highlighted.

#### **2.2 The Concept of Strategy**

Management of strategic change is incomplete without a thorough understanding of the Concept of Strategy. There is fairly large amount of Literature on the meaning of the term “strategy”. Strategy is the game plan that management utilizes to position the firm in its

chosen market arena (Thompson & Strickland, 1998; Underson 1999). It is the direction and scope of the firm over a long period of time. It is actually the systematic process of how to deploy resources to achieve firm's goals (Grant 2000, Stanford, 2005). It is also a vehicle of communication and coordination within the firm.

Thompson et al (2007) has also argued that Strategy is the long term plan of action designed to achieve a particular winning goal. Strategy is differentiated from tactics or immediate actions at hand by its nature of being extensively premeditated and often practically rehearsed (Nyaga, Rose 2007).

In essence then, strategy guides management decisions towards the creation of a competitive edge through superior product and service performance. It is through strategy that an organization is able to achieve its advantage competitively through configuration of resources within the turbulent environment to meet the market needs but also satisfy customer needs and expectations.

It is the determination of the long term goals and objectives of the firm and the adoption of the correct courses of action through effective utilization of the scarce resources to achieve organizational goals (Chandler, 1962). Mintzerberg (1996) on the other hand sees Strategy as a position and perspective or ploy which outlines the maneuvers intended to outdo the competitors and help position the firm in its rightful place in the market place. It gives the firm its identity in the industry in which the firm serves.

### **2.3 Strategic Change**

Strategic change is the alignment of the firm's internal capabilities with the external environment so as to deliver the desired change or vision of the firm. Strategic change is necessary in modern management and leadership. This is because organizations are open systems. As open systems, they are prone to environmental turbulence. Business turbulence means that the changes in the external environment have greater signals of rapidity, spontaneity, surprise, discontinuity, and fastness. This turbulence informs the opportunities and threats facing business enterprises. The changes are quite conspicuous in political-legal systems, customer profiles, technology, economics, ecological and social cultural labyrinth of society. All these changes have the overall consequence of creating new challenges to organizations (Ansoff & Mcdonell,1990, Hill& Jones, 2001). These unpredictable changes basically create uncertainty in the business world, to the extent that change is viewed as an adventure into the unknown where outcomes are probabilities and cannot be predetermined beforehand. The future cannot be known. The only certain thing about it is that it will be different from rather than a continuation of today (Otiso,2008). However, the future is as yet unborn, unformed and undetermined, though it can only be shaped by purposeful action. And the one thing that can motivate that action is an idea, but an idea of a different economy, a different technology or a different market exploited by a different market (Drucker, 1998).

Change is two ways: It could either be strategic or operational. Strategic change of any firm is given legitimacy by the strategy of the firm. Strategic change is basically the redirection of the firm as a whole so as for it to build and retain a sustainable competitive advantage by offering products and services of quality over and above the competitors (Grant, 1998). Strategic change embraces strategy leadership whose main concern is effectiveness. Such change accommodates management of the stakeholders, deals with erecting of barriers to entry by competitors and takes into account the change managers' capabilities. Operational change focuses on efficiency in the operations, strategic change focuses on the future needs to attain the firm's objectives. Operational change deals with the links between strategic change and the day to day activities of the organization. Operational change consists of change management and configuration management processes within the organization. It supports functional business processes and is an enabler that functional organizations rely on for delivering efficiency at best cost and in timely manner

It is important to take note that change is necessitated by both internal and external factors. The threatening tactics of competitors, changes in technology, political governance changes and demographic and customer profile changes account for more than 60% of the external environmental changes. The triggers of the internal environmental changes include the changes in structure, changes in employee demands, the need to improve productivity and changes in other systems among others (Ansoff & Mcdonnell, 1990, Drucker, 1998, Hill & Jones, 2001).

Strategic change is embedded in Strategic management. Strategic change requires strategic planning. Management must therefore, embark on SWOT analysis as the basis of strategic planning and the eventual Strategic Change to be undertaken. Strategic planning will require that management formulate objectives based on strategic change required by the environment. Formulation of strategy takes into account the mission of the firm and its vision. Objectives and goals and activities are then formulated starting from the mission, and vision. During formulation of strategy, it is necessary to focus on the firm's capabilities to deliver the desired strategic change adopted. Strategic Change constitutes a change or reshape in the culture, strategy and structure of a firm. This is done at the level of planned or proactive deliberate strategy or emergent strategy patterns to shape the organizations future standing (Johnson & Scholes, 2002). Strategic change leads to the alteration of the firm's paradigms towards more pro-activity, innovativeness and strategic thinking by the organization's members. This is all for purposes of creating a sustainable competitive advantage for the firm (Thomson & Strickland, 1989).

Hill and Jones (2001) have identified innovation, re-engineering and re-structuring as kinds of strategic change. Restructuring is the reduction in the level integration and differentiation brought about by the minimization of structural levels in the hierarchy and also lessening employee numbers as an operational cost reduction strategy. The use of restructuring therefore leads to divisional and departmental changes. Changes in structure are a result of technological changes, recession or even excess capacity as a result of a



firm's growth which increases its levels of bureaucracy (Hill & Jones, 2001). Innovation on the other hand is meant to create a competitive advantage of the firm by effective resource and skills usage so as to create new technologies, goods and services that change and respond to the changing needs of the customers (Hill & Jones, 2001).

Finally, there is the use of re-engineering. This is radical thinking and re-design of business processes to attain improved quality of service and speed as a measure of the firm's performance. Existing arrangement of tasks, roles and work activities are ignored. Instead attention is focused on the customer needs, re-organization of work activities, business processes for cost reduction of goods and services while at the same time offering maximum customer satisfaction through competitive service and goods offered. Efficiency and effectiveness is also employed in the management of tasks and role relationships in the firm. Related to engineering is e-engineering. This utilizes new systems, software to effectively manage the external environment (Hill & Jones, 2001).

#### **2.4 Management of Strategic Change**

SCM is the alignment of the firm's internal capabilities with the external environment so as to deliver the desired change or vision of the firm. Implementation of change requires alignment of the firm's culture, systems, structures, finances and human resources among others. With the external changes such as changing customer tastes and preferences, technology and competitor tactics. This is done basically for the creation of a competitive edge for the firm (Senge,2003, Mogeni, 2008).

SCM also requires the utilization of cost leadership strategy and efficiency. This is necessary to ensure that minimal wastages occur during SCM and desired results are attained within the desired time benchmarks. SCM requires strategic planning and control thereby ensuring that what was planned is what is attained. In essence then SCM links and brings together strategy formulation and strategy implementation (David & Star, 2002). The social aspect of change addresses human behavior change. The SCM incorporates a change in the manner in which employees change. To adopt and implement change, employees must not only move to new thinking with fresh strategic blood but also ensure they retain their competitive key and core competencies to be able to surpass customer expectations (Davis & Star, 2002). SCM involves movement from the current undesirable state to a future desired state but which state is full of uncertainties. And due to these uncertainties, a strategic change manager and the firm must, necessarily overcome objectivity and subjectivity conditions.

Objectivity SCM must address the core competencies of the firm such as the resources outlay to support the transition, the level of sales volumes, customer and stakeholder tastes and preferences, a movement from functions to process and cost leadership among others. The subjective condition such as culture and tradition, personal and group interests, political considerations, incompetent management, poor communication and competitor behavior in addition to resistance to change must be overcome (Johnson & Scholes, 2003). SCM must consequently create desire in employees. After awareness, employees are desirous to know how the SCM will affect them, their new roles, and

expectations and the time when these changes will take place. This is to ensure employee preparedness for the change.

Last but not least in the people dimension of change is to motivate the people through reinforcement on the need for the new change to be kept going. Here, performance should be recognized, encouraged and rewarded (Burnes, 2004). On the other hand, the business face of strategy implementation process constitutes planned change management and incorporates the need for change, scope, and objectives of change. This requires change in business systems and structures both at implementation and post implementation levels.

The success of SCM also depends on people behavior change for instance towards customer satisfaction. People commitment to change and behavioral change towards what was hitherto controlled and towards day to day aspects of organizational life could deliver desired change. This is only possible if organizations are transformed into learning organizations which are not only and continually sensitive to the external environment turbulence but also are capable of always adopting change (Johnson & Scholes, 2003).

SCM is embedded in strategic management. At this point, it is necessary to involve a firm's capabilities such as budgetary allocation and employees technical skills and customer goodwill among others in execution of strategy. Once execution of strategy is done, it is necessary to undertake evaluation and control to correct errors and ensure that actual strategy is as per planned strategy (Porter, 1985).

All in all, SCM is a systematic approach for managing strategic change. It constitutes the positioning and repositioning of the firm through strategic intent and capability scopes, real time Strategy response through planning, benchmarking of the firm against best industry practice and systematic leadership, management of resistance to change at the level of strategic implementation (Ansoff & McDonnell, 1990).

## **2.5 Approaches to Strategic Change Management**

The approaches to SCM could either be planned change or emergent change. Planned change is proactive meaning that it is meant to transform a firm from one fixed state to another in the long term through strategic planning. Planned change is conscious process adopted by a firm to address the long term strategic intent of the firm. It is the kind of change that is opposed to change brought about by changes occurring in the environment or short notice. Change therefore occasioned by accidents, emergencies or impulse is at the very best described as emergent change.

Planned SCM is still in practice in most organizations. However, a few scholars have poured cold water on it. This strategy suffers from inactivity to cope with emergent and continuous change. Its emphasis is on incremental change but fails to accommodate the politics and conflicts of organizations. This strategy also assumes that firms exist at different states, at different times, a situation which is not realistic. This is because owing to environmental turbulence, organizational changes need to be more open ended and continuous (Burnes 2004, Ansoff & McDonnell, 1990).

The emergent change approach is the other approach of SC. This kind of change is reactive to the changes in the environment. It is short term in nature and is the best strategy to handle environmental turbulence. It seeks to continuously align the firm capabilities with the environmental offerings. It addresses the nonlinearity and discontinuity of the environment as it also cuts across the organizational hierarchy and departments (Burns, 2004). The emergent approach puts emphasis on the bottom up approach in handling change. It emphasizes on the role of the manager putting up structures and systems which foster organizational learning, information gathering and communication (Johnson & Scholes, 2003).

Emergent change accommodates such models as the processual model which hinges on the break up of complex processes of the change in the firm into manageable levels. This is followed by the need for change, organizational transition and implementation of the new practices (Dawson, 1984). The other model of emergent change by Quinn (1980) underscored the concept of logical incrementation. Here management consciously and proactively move forward incrementally in patterns of change such as awareness creation, commitment, credibility and legitimization of new change perspectives among others.

Emergent change management has been criticized for being non specific on the specific change climate needed to respond to change. It also assumes that all organizations face a

turbulent environment, which is not always the case. This is because while change is permanent, some organizations may not need it.

## **2.6 Strategic Change Management Tools**

There are several tools for analysis of change, planning and controlling, implementation of strategic change. The analysis by use of these tools should be in accordance with objectives. The tools include but are not limited to stakeholder analysis, the force field analysis, the three, four and eight steps to planned change steps, and action research.

Stakeholder analysis is one of the most widely used tools for strategic change analysis. The key stakeholders are identified and their influence and posture towards change is analyzed. A strategy may be crafted to shape the influence of the stakeholder to support the change process. Stakeholder analysis requires the classification of the stakeholders on the basis of their power to influence, the legitimacy of each stakeholders, rapport with the firm and the urgency of the stakeholders claim on the organization. Stakeholder analysis therefore, gives an indication of the degree to which management gives priority to competing stakeholder's claims.

According to Lewin (1943), there are four basic elements which are put together to deliver the desired change. The group dynamics, the force field theory, the three step planned change steps or processes and action research are some of these elements. The three step model of planned change involves unfreezing old behavior, changing it to new behavior

and refreezing or stabilizing the learnt behavior to ensure that the behavior is secured and does not regress.

The other tool for SCM is the force field analysis ( Lewin, 1943). The force field analysis contends that the behavior of employees is a combination both their behavior as it relates to their environment. The psychoanalytic theory pushes the human motivation to act from within. This motivation may be goal directed to attain certain purposes for the individual employee. Through the field force theory, Lewin came up with action research which utilized empirical social research, action and controlled research. This is the diagnosis and evaluation of enabling or driving and restraining forces that have an impact on the change process either negatively or positively (Otiso, 2008).

## **2.7 Rationale for Strategic Change Management**

Strategy is the game plan that a corporate adopts to achieve the desired results. It is a change from the current status quo to a future way of doing things which is more desirable. Its desirability is based on its capability to deliver a competitive edge for the firm. More often than not, SCM is necessitated by the environmental turbulence at both the internal and external levels of the firm. The threatening tactics of financially powerful competitors, the rise of ecological and social movements as well as changes in political terrain impact pressure on the business, non business entities to deliver customer demands. There is a need to align company capabilities to tap on the environmental opportunities and handle the threats from the environment. Consequently, an effective SCM is a source and a basis for sustainable competitive advantage (Chriten et al, 2006).

Strategic managers who are keen to respond proactively or otherwise to the changes in the turbulent environment must engage themselves in SCM. Here, a firm will have the capacity and capability to adjust to competitor prices, settle on innovation and creativity for new products and utilize technology to deliver on unique and quality goods and products. This is geared towards maximizing customer and stakeholder satisfaction over and above competitor offerings. At this point, then SCM will enable firms to constantly change, on time with the level of changing environment (Christen, et al, 2006).

SCM is the vehicle for transforming company goals and objectives into reality. The implementation of goals takes a firm from its current level to the next level that is SCM (David & Frank, 1997, Liebhaver, 1992). It is also important to note that much of the time, from the evolution theory, change is not always planned but always evolve in line with environmental evolution. By implication, organizations are forced to change either for survival or competitiveness (Achrol, 1991). This then is calls for SCM. Equally, the internally opposing forces in a firm's internal environment, for example, company structures also call for change. The changes may be radical, incremental or revolutionary.

## **2.8 Factors Influencing Management of Strategic Change**

Introduction of change is a complex process. This is because there are many factors that influence management of SC. Resistance to change, regulations by Government and other related environmental turbulence factors are some of the key considerations that impact on management of SC. Resistance to change takes the form of systemic and behavioral



resistance to change. More often than not there is always some level of resistance to corporate change.

Employees who are used to current status quo of doing things or who enjoy some perks in the old school of doing things may resist change. Since change promises uncertainty albeit greater achievement, there could be a cadre of employees who may resist change because of fear, inertia, resisting change for the sake of resistance. Again the systems and structures in the internal conditions of the firm may be resistant to change. A human resource manager who has done well in the old ways of doing things finds SC a milestone to them.

Resistance to change may also take the form of deliberate delays, sabotage and procrastination. This will slow down the change process (Owuor). There may also occur some management inefficiencies which were not foreseen during the project formulation strategy stage. This is in addition to unforeseeable external changes (such as Kenya's 2008 post election violence) which may impact negatively on the speed and spirit of change (Burnes, 2004). Kotter & Schlesinger, (1979) have argued that resistance to change could be due misunderstanding and lack of trust, different assessments and low tolerance for change, parochial interests, among others

Behavioral and systemic resistance is two basic forms of resistance to change. Resistant behavior could be from groups or individuals. These could be departmental group,

informal groups or specific individual employees across the firm. The resistance could be due to parochial interests, positional, misunderstanding, mistrust and different assessments of change. In addition, lack of proper information as the need for change may be a source of resistance. Systemic resistance to change on the other hand is seen in scenarios where the firm suffers from lack of capacity to accommodate the new strategy. In this case, there is backlog of capacity to strategy development. This passive incompetence of the firm also provides strategy delays, mal-performances (Ansoff & Mcdonnell, 1990). The development of appropriate capacity is best way possible to handle systemic resistance to change. Systemic resistance could also include priority areas which work against the new strategy, strategic overload and unrealistic strategies. To reduce such resistance, capacity building in terms of putting up financial systems, structural systems, planning and adequate budgets, strategic build up and action among others become handy (Otiso, 2008)

Legal/ Regulations by Government could also affect SCM. Changes in Government and attendant changes in legal provisions are great sources of organizational environmental change(Vision 2030). This is largely because the Government's core mandate is the management of the macro environment in which business is conducted. Whenever these changes, the industry must change along for survival. The institutional framework, budgetary process, the exchequer Acts are some of the levers that the Government utilizes for policy changes including long term policy initiatives like vision 2030.

A strong leadership and organizational culture are key factors in management of SC. Leadership must train agents of change with the ability to champion new strategies and coach employees through the change process. The use of influential of leaders to restructure and reset the tone of the organization to reflect the new direction is a central concept in the management of SC. Human resource capabilities of the people working in the organization are also critical in the change process. Staffing the organization with versatile employees that are adaptable to change, will determine the success of change process by scaling obstacles to change and meet environmental challenges.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter is about the research methodology of the study. It captures the research design used in the study, data collection and data analysis tools used.

#### **3.2 Research Design**

This research project adopted a case study design of Kenya Roads Board. The case study offered a detailed investigation of the Strategic Change Management at KRB. It offered a comprehensive understanding of the phenomenon under investigation. A case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit (Young, 1960, Kothari, 1990). A case study also places more emphasis on full contextual analysis of fewer elements and their interrelationships which relies on qualitative data (Cooper & Schindler, 2005). Researchers such as Mogeni (2008), Owuor(2007), Otiso (2008), Muturi (2006), and Okiro (2006) have successfully used the case study in their research work. A case study is also the easiest research free from material bias.

#### **3.3 Data Collection**

Primary data was collected from KRB staff using interview guides. The data was collected from 7 heads of departments/sections- Head of Finance, Technical Department,

Planning & Programming, Information Technology, Procurement, Legal and Corporate Affairs,; Human Resources. This was because this was the group which was directly responsible for Strategic Change Management at KRB.

### **3.4 Data Analysis**

The data collected was analyzed using content analysis. This was because the nature of data collected was qualitative in nature. Content analysis enables the researcher to make inferences by systematically and objectively identifying specified characteristics of messages as the basis for relating to trends ( Nachmias and Nachmias, 1996, pp324). The interview schedules were also analyzed qualitatively. Ogwora (2003), Ongaro (2004) and Otiso (2008), successfully used qualitative analysis in their research studies. The data analyzed and was presented by using content analysis.

## **CHAPTER FOUR**

### **FINDINGS AND DISCUSSIONS**

#### **4.1. Introduction**

This chapter deals with findings and discussions. The findings are presented in two main sections, that is, change implementation and factors that influenced corporate change initiatives in KRB. The section on change implementation deals with forces of change in KRB as well as their approaches to Change Management at the KRB. This section also brings out the change management processes at the KRB. It also highlights the impact of change at KRB.

The second section handles the factors affecting corporate change initiatives at KRB. It also brings out the forces that drove change and those that acted to restrain change at KRB. Other factors dealt with here also availability of resources and their appropriateness including employee's skills, motivation, competencies and empowerment of employees and how these impacted on the Strategic Change implementation at KRB. This section also looks at the role played by the leadership of KRB in implementation of Strategic Change at KRB. The last part of the chapter covers discussions on the findings.

## **4.2. Change Implementation at Kenya Roads Board**

Change implementation relates to effecting planned or emerging change to bring the organization in line with its ever changing environment or bring the organization to new levels of performance. It requires realignment of all systems of the company including its culture, structures, finances and other resources including the human resources in order to implement the desired change. It also requires that all the systems that will ensure that the old way that needs to be changed is done away with, that the need for its change is created among all the stakeholders and that the desired change is adopted successfully and permanently.

### **4.2.1 Forces of Change at Kenya Roads Board**

KRB like other organizations is an open system. The ever-changing environment, poses forces that are always at play to force KRB in order to change to remain relevant. All the heads of departments who participated in the interview for the study were aware of the changes at KRB. An analysis of the interview responses on the forces that necessitated Strategic Change at KRB, identified the changing nature of the business environment, the changing technologies, globalization, changing customer tastes and preferences and increased competition as the main forces of change. Other forces of change included a beleaguered organization structure, changes in legislation, more democratization of the Kenyan economy in addition to donor requirements.

Such forces by and large set the stage for drivers of change. The findings point out on the main objectives of the change process as being the need to maximize on efficiency and effectiveness and the need to minimize on costs. This has led to a reduction of road construction costs by 30%. Providing a road network that meets the needs of the Kenyan public and meeting the minimum requirements and standards set by the Ministry of Roads which is entrusted with the responsibility of developing and maintaining engineering standards for civil works was also a driver for change.

The factors of change were both internal and external. To begin with, KRB needed to set and operate uniform standardized procedures in line with its role as a funding Board for road maintenance countrywide. This resulted in the application and adoption of uniform fund management and monitoring of delivery systems at KRB in tandem with the changing technological requirements of globalization. The need to change the old system where the financing of roads, the client and the compliance responsibilities were managed by one body was the other force for change. Those interviewed indicated that the old Ministry of Roads had to adopt new changes and technology in the road sub sector because of the changing road management systems worldwide. The adoption of new systems of road management meant overall systems efficiency and effectiveness at KRB to ensure effective funding systems, control and compliance monitoring.

There was also an urgent need for transparency and accountability at KRB. These major ingredients of management were initially non-existent before establishment of KRB. The



don't care attitude of most Government employees meant that nobody could be fully held accountable in the management of road maintenance in Kenya. The need for an open and transparent policy at KRB was what the employees and customers were yearning for. Free flow of information was a mirage in the sector and much of the information tended to be selectively processed and kept as classified to the extent that even users did not have it at point of use. Therefore, the public information about collections of RMLF, disbursement and expenditure was introduced by KRB to build customer confidence. The policy of public and employee information, upgraded computerization and intranet and bulletins to staff and customers was therefore, part of an open door policy at KRB.

#### **4.2.2. Approaches to Change Management at Kenya Roads Board**

Change Management at KRB was both planned and emergent. As an institution, KRB was the result of a planned change that was to result in an organization that manages the Road Fund for an effective road network. In an effort to realize its objectives, KRB has adopted a planned change. It has adopted the strategic building blocks in its enabling Act of 1999 and implemented corporate initiatives to ensure value for money by installing planned approach to its programmes starting from planning to auditing of works done. Arising from the interview of HODs, it was found out that 70% percent of KRB planned change process was formulated by top management at KRB. It has introduced strategic planning approach for implementation of its strategic change initiatives. KRB has also established a Strategic change for implementation of its Annual Public Roads Programmes in the implementation of the roads network.

While the dominant model of change at KRB is planned change, KRB has also used the emergent change model. Since its creation, KRB has dealt with change arising from Legal legislation. Its funding model is heavily impacted by the national legal provisions. In addition, natural events and other emergencies have seen KRB grapple with emerging change processes. Currently, KRB is working with other stakeholders to determine its niche in the environment structurally altered by the new Constitution and how its funding and strategic objectives will be implemented at the National and County levels.

Overall, emergent change especially, arising from change of governments and legislation has proved to KRB that its environment is quite turbulent and therefore, requires constant lobbying and monitoring for continuous realignment in order to remain relevant. This approach of logical incrementalism has been seen as being likely more beneficial in the longer term. KRB will be able under the circumstances expand its role within its mandate, continually scan its environment and take steps to move ahead of the political destabilizing capacities by creating value to the customers.

Based on the interviews with the HOD's, it emerged that Kenya Roads Board supported the change process and use of external change consultants and agents who from time to time worked with the internal change managers of KRB. Most of these consultants came from the employee pool of MOR, World Bank, EU, Deloitte, IT and software consultancies. The consultants' inclusion in all stages was necessary in the provision of

the much desired expertise at every stage of the projects thus starting at initiation level, implementation and evaluation of the change process.

#### **4.2.3 Change Management process at Kenya Roads Board**

The management of change is always a big challenge for all organizations and it may produce positive or negative change or no change at all. The findings shows that employees at Kenya Roads Board were informed of the need for changes at KRB. However, such information was not availed to all staff at formulation stage. This communication took place long after top management had made a decision to undertake the corporate change. By all standards KRB staff, save for top management, felt left out in the formulation stage of the change processes. This state of affairs then failed to empower the rest of the employees in being part owners of the change processes thereby facilitating suspicion about change in the minds of the employees. To rectify the situation, management later belatedly embarked on communicating to staff about the change.

The findings indicated that KRB embraced the process of change through creating urgency. Discussions were held where the need for change and the failure to embrace change was dealt with. Regular meetings were held as well as workshops, trainings and other forms of communication on change. Change teams were put in place on the basis of experience and expertise. However, the criteria used to appoint change teams were not clearly communicated to lower levels management and employees. Employee evaluation

was also done on quarterly basis. The findings indicate that there were rewards for those who met and surpassed the targets set.

The communication about the corporate change was made possible through workshops, memos, staff meetings, bulletins, and team building activities among others including e-mails. At the very infant stages of the change process at KRB, communication about change was top bottom. This changed to cross-sectional bottom up and vice versa with time just as situation demanded. The interviews also indicated that all employees understood the vision of KRB. 87.5% of those interviewed indicated that much of their interests were taken care of during the change processes. However, 12.5% of the HODs felt that some of their interests were not considered. For example, while some of them felt that they needed to be part of the Change Management Committee they felt left out without explanation of the rationale for this. Findings also indicated dissatisfaction among supervisors, middle and lower cadre management teams whose interests in terms of salary awards and allowances were not taken care of.

The interviews brought out the fact that KRB utilized several symbols, patterns and settings to communicate change as outlined hereafter. KRB change T/Shirts, flyers, pens, KRB logo, umbrellas, were widely used during change process. There was also the use of the changed KRB Mission, Vision, value statements of KRB as well as the motto which were utilized to communicate change at KRB. While the T/shirts and caps communicated

powerfully on change, flyers and posters failed to fully communicate change especially to lower level of staff and other external stakeholders.

It was also important to note that change processes at KRB were fast and the time for change to be fully appreciated and adopted by all the employees was lacking. However, majority of employees were empowered to embrace change through training and development. To ensure that the goals and objectives of the change at KRB were achieved, management took several measures. The first measure was the development and implementation of a tight supervision schedules based on the key performance indicators (KPIs) as the basis of attaining set targets. KPIs such as the kilometers of roads in maintainable state, the road network inventory and condition survey and, Road Management and maintenance systems, Annual Public Road Program, Road Sector Investment Program, Unit road work rates mapping country wide, road management standards, the performance agreements with agencies and the reporting structures were adopted. The organization targets specimen is attached as appendix 11.

#### **4.2.4 Impact of Change Content/Practices at Kenya Roads Board**

When implementing strategic change, the content of the change is key in the implementation strategy. The study findings indicate that many changes have taken place at KRB that are in line with its objectives and mandate. One of the key changes at KRB was that of change of the organization structure. Initially, the KRB existed as a Department of Roads. However, there was a change to establish the KRB as a fully

fledged parastatal which was restructured to accommodate key strategic units. These new units include Planning and Programmes), Technical Compliance, Financial and Performance Audits (TC) and Department of Finance. The changes in the organization structure are best illustrated in figure 4.2.4a.

**Table 4.2.4a: Key Changes in Organization Structure**

<b>Old state at Ministry of Roads</b>	<b>New Department/Board of the KRB</b>
Planning- bureaucratic planning	Planning & Programming for Roads investment
Financial audit- Controller & Audit	Technical Compliance & Performance Audit
Accounting Department	Finance- Agency Finance & Accounting
ICT	GPRS/RMMS/Road Management systems
HRM	HRM & Administration
Legal – Attorney General	Legal & Corporate

Source: Research Data, 2011

Findings indicate that the establishment of the Planning and Programming Unit has enabled the Board to forecast and plan for Road management in a more sustainable way. Through implementation of the Annual Public Roads Programme (APRP), the Board has established a tool for identification, planning of roads for financing each year in line with a three year rolling plan. This has resulted in a planned approach to road management as planned. The unit is responsible for coordinating the development of long range road investment plan referred to as the Road Sector Investment Plan whose main objective is to realize vision 2030. It is expected to reduce or eliminate the adhoc management of road network. The Road Sector Investment Programme (RSIP) spans 20 years with components for 5 year road development programme followed by the longer term programmes for the 10 years and the 20 year planned development.

The establishment of the TC and Financial Audit unit which was hitherto none existent was to ensure roads built are in accordance with the technical specifications and standards

approved. It also ensures finances allocated for roads are actually applied for the intended purposes. This therefore increases efficiency and transparency in the appropriation of funds and ensures that misapplied funds are restituted. From the interviews, KRBF utilization efficiency improved from 56% to 79% between 2004 and 2010.

The Strategic role of the Finance Unit is to diversify sources of funding away from the RMLF and ensure financial requirements over the long term are available to meet the needs of the road network for which the Board is responsible. The department is also engaged in sourcing of funds from Bond issue and from partnerships.

The other arm of the organization structure is ICT. The research shows that KRB has embraced new technology and information systems. The research also established that 20% of new staff and capital investments were shown by the research to be in ICT. The Board has implemented a Road Management system that has adopted the GPRS, GRS, RMMS.

The impact of the changes at KRB has had the consequence of improved revenue collection over the years. Since The RMLF collections and funding of the road network from 3004.04 Financial year to 2010 is shown in table 4.2.4b:

**Billion**

**Table 4.2.4b APRP funding against RMLF - s**

<b>Year</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
-------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------



<b>RMLF Collections (Billions)</b>	8.4	9.44	10.1	16.1	18.78	20.65	23.57
<b>APRP Funding (Billions)</b>	8.6	8.8	9.16	15.4	18.33	19	24

Source: Road Sector Investment Plan, 2011.

From the findings, revenue collection attributable to the changes increased by almost Ksh 16 Billion over a period of seven years. This is a growth of over 60% especially in the financial 2006/2007. The growth in revenue again increased by approximately 16% per year between the years 2006-2010 a situation that is attributable to increase in RMLF.

The findings also show that before the establishment of KRB, roads in the Country were characterized by poor and rehabilitated network. However, from 2004 the increase of rehabilitated & paved roads has grown as shown in table 4.2.4c

**Table 4.2.4c: Road inventory 2004-2010**

ROAD CLASS	PAVED 2004	PAVED-2010	% Increase in Paved roads
Class-A	2325	2,772	19
Class-B	1120	1,489	33
Class-C	1505	2,693	78
Class-D	851	1,238	31
Class-E	355	577	62
Special Roads	90	100	11
Unclassified/Urban Roads	1655	2,318	40
<b>TOTAL</b>	<b>8021</b>	<b>11,189</b>	<b>39</b>

**Source; Road Sector policy and Integrated plan, 2010**

In general, there has been an upward growth in the number of paved roads since 2004 to date. In 2004, a total of 8021 Kilometers of roads were paved. However, in 2010, the road inventory survey found paved roads to be 11189 Kilometers of paved roads representing an increment of 39% of road paving. These changes could be attributed to Strategic Change Management practices at KRB.

The findings also indicate that initially, KRB did not have a vision and mission statement. Policy frameworks which resembled a vision and mission were often haphazardly communicated, thereby causing a lot of management confusion. However, with the advent of change, KRB established a new Vision and Mission. The current vision KRB of “is to be the best managed fund for an effective road network”. On the other hand, the mission of the KRB “is to Fund and oversee road maintenance, rehabilitation and development through prudent sourcing and utilization of resources. The logo that is assisting the Board to rally around its mission is shown in table 4.2.4d.

**Table 4.2.4d KRB Logo**



**Source: KRB Strategic Plan 2010**

KRB logo clearly indicated that its core mandate is to develop the road network throughout Kenya. This road network should not only subscribe to international standards but also help Kenya connect with its neighbors' road network.

The organization has had the overall impact of creating efficiency and effectiveness. Employees and other stakeholders involvement in the change process helped create ownership of the change strategy. The employees have had shared values, mission and vision leading to minimal resistance during the implementation of the change process. A lean structure led to improved supervision, communication, and reduction in cost thereby leading to efficiency. There has also been efficient planning due the participation of the stakeholders in the formulation and implementation of the new change programe. The establishment of the audit teams has also created greater accountability, transparency and responsibility of not only of the employees of the board but also other stakeholders like the road contractors.

Despite of the above, it should be noted that during the introduction of the change, there was initial suspicion and sabotage by employees resisting the change. Some of the employees did not see the need for change, and therefore, were opposed to it. This is in addition the hitherto fear of loss of control, particularly on the part of top management, who again tried to put up bottlenecks on the change initiative.

#### **4.3. Factors Influencing Corporate Change initiatives at Kenya Roads Board**

KRB operates in an open system. While one must contend with factors that influence change, understanding of forces that support change is important. There are also restraining forces that diminish possibility of change happening. In the case of implementing the mandate of KRB of developing, rehabilitating and maintaining the road network that meets the expectations and economic needs of the country, there were several forces that drove the change and those that restrained the change, that is, the force field analysis.

The forces that supported the change included the following: the complete lack of accessibility of certain parts of the country and the rising hue and cry of the users; the movement of the business community from Kenya to other countries citing poor road network and therefore loss of jobs; the change of the political establishment and the incoming administration is promise to the people to improve the roads network; push for the reform in the sector by the regional block who use the Kenyan roads as entry to their

countries citing poor road network and the increasing agitation by the professional sector and civil society in the country. The influence of the donors especially those providing funds for development of new roads was a critical push for Change at KRB.

On the other hand however, there have been serious restraining factors including; the existence of strong cartels that operated in Kenya with monopolistic tendencies of price fixing with very poor project completion rates; case of “cowboy” contractors besides insider trading with employees acting as contractors leading to loss of funds through corruption because of lack of strong Governance structures. In addition, the research found that the top management of KRB were initially apprehensive about the possibility of successful corporate change at KRB. This implied that the attainment of the change objectives would most likely not be attained. This is because; successful change must be supported by the top management of any firm. The initial negative attitude of some top managers about change was a clear demonstration of one of the many huddles facing corporate change at KRB. From the research, 22% of the managers interviewed felt that the desired change had come too quickly. To them such change would only succeed in the un-foreseeable future but not in the present Kenya that we know. Resistance to change therefore began with the top management followed by employees. Feelings of uncertainty, restlessness, and fear of the unknown, parochial interest, anxiety and group phobia among others greeted the wave of change. Heads of departments with few of their middle managers still wished to maintain their comfort zones.

Most top management behaved like watermelons- supporting the change by day about working against it at night as they feared that they would lose their positions in the event of change. Managers' views about change could be best illustrated by table 4.1.2 below:

**Table 4.3.1 Evaluation of Managers feelings towards change**

Evaluator(s)	Managers views on change process
Board of Directors	<ul style="list-style-type: none"> <li>• Fear of the Unknown but supportive</li> <li>• Feeling of being challenged</li> <li>• Uncertainty but courageous to face the change</li> </ul>
Managers	<ul style="list-style-type: none"> <li>• Supportive of change but anxious</li> <li>• Positive but anxious at 50-50</li> <li>• Feeling of loss</li> <li>• Uncertainty but lacked alternative choices</li> </ul>
Other Employees	<ul style="list-style-type: none"> <li>• Feeling threatened but positive</li> <li>• Indifferent but supportive</li> <li>• Majority optimistic</li> </ul>

**Source: Research Data, 2011**

Other factors affecting change included the incompetence of the change team which was glaringly wanting. The Employees lacked the basic IT skills and clear lack of understanding of the dynamics of change. The initial training given was done within a short time and employees did not have enough time to embrace the skills trained. There was also inadequate planning for the change leave alone its formulation. The core

competences of KRB were not identified, therefore giving it a relatively lower competitive edge. The employees were not fully involved in the change formulation. This means they lacked the psychological preparedness to embrace the change process initiatives.

The findings indicate that managers who were supportive used several methods to handle the challenges to change. These included employee training and developments, negotiation, empowerment, coercion and effective communication among others. Additional financing, motivation schemes, regular meetings and brainstorming in addition to strategy team building schemes were used to overcome change challenges among others. Also utilized were improvements to the terms and conditions of service and policies that enhanced job security.

#### **4.4 Discussion**

From the findings, the key forces of change processes that were identified included globalization, bureaucratic organization structure and the nature of political governance as well as the influence of donors. This is because globalization requires that firms produce goods and services in accordance with international standards and tests. It is perhaps because of this that the KRB adopted ISO 2000 certification which spelt out clearly the minimum standards required.

A bureaucratic organization structure could be a big huddle in the implementation of change. To this end, the KRB management settled on a lean structure which had the final consequence of effective communication across the departments. A lean structure is also pertinent in any cost leadership strategy with cost savings for utilization to improve productivity through utilization of cost savings. It is due to the lean structure that KRB managed to overcome some of the forces of resistance so as to implement the desired change.

The other aspect requiring critical consideration is the role played by the donor funding in the KRB. A big chunk of the funds for the road network is drawn from the donor community. Unless such stakeholders are involved in the development planning of the road network, it will be difficult to deliver on the desired goals. KRB embraced and continues to embrace key strategic changes as a catalyst to attain transparency required for donor funding.

Adaptation of new technology is also vital ingredient in change management as seen in the findings. Information technology such as e-engineering not only reduces the engineering costs but also increases overall efficiency and effectiveness. In the long run, it saves costs on the part of the tax payer and increases customer satisfaction. The continued and improved use of information technology by KRB could be one of the reasons causing remarkable improvement to the road network in Kenya. Similarly, transparency and accountability if managed well creates a culture that loves and embraces



change in an organization. Free flow of information between employees and the external publics creates an atmosphere of trust and confidence among the stakeholders. While KRB has adopted this kind of a strategy, it still needs to improve further so as to create a competitive edge in service delivery.

From the identified approaches, in particular, were found to have a crucial impact on the Change Management process at the KRB. Consultants normally provide the required expertise during initiation level, implementation and evaluation levels of the change process. While these groups were consulted during the change process, it is fundamentally important that the process of use of consultants by KRB becomes a continuous process. This will ensure KRB to avoid inbreeding but keep on attracting unique and capable talent that is much needed for continuous transformation of the road subsector.

From the findings, the change process at the inception failed to involve all the stakeholders especially at the strategy formulation level. This is a core ingredient in any change process and unless it is taken care of, it could have a bouncing back effect during the process of implementation leading to employee behavioral resistance to change. To this end therefore, it is pertinent that future strategic engagement on change should involve all stakeholders during the whole process of change. This would create stakeholder change strategy ownership and thereby minimize possible costs of resistance to change. The findings are also consistent with the findings of Burnes (2004) and

Kotter (1979) who argued that resistance to change could be as a result of lack of employee involvement in the change process both at the formulation and implementation levels.

Effective communication is also important in change management. It communicates the core values, mission and vision of the firm to all the stakeholders. From the findings, there was no vision or mission at KRB at its inception and therefore, nothing to communicate. In essence therefore, the creation of the vision and mission became the basis of setting up the communications strategy for the firm. Effective communication focuses energies of the whole firm towards the attainment of the goals and objectives of the firm.

The findings also indicated that change practices at KRB and the impact of dismantling the bureaucracy to a lean structure with the formation of PP and TC departments were key to its strategy. It is the formation of such departments that would help KRB achieve its goals in general and specifically align them to vision 2030. It is therefore, recommended, that these two departments continuously get funding and full top management support for purposes of sustainability and capability of constantly adapting to the ever changing business environment. These findings are in agreement with related literature by Ansoff and McDonald (1990) who argued that internal environment changes may require dismantling of the structure of the firm, a change in employee demands due to the need to improve productivity.

The findings also indicated that the change had the overall effect of efficiency and effectiveness. Any change management which lacks these two ingredients is devoid of any strategy as it fails to address the core reason for the existence of any firm. Accordingly, the continued performance on improved service delivery would ultimately help surpass the expectations of the customer. The findings on efficiency also agree with the findings of Hill and Jones (2001) who argued that change is necessary for purposes of improving on efficiency and effectiveness through such process as engineering and redesign.

## CHAPTER FIVE

### SUMMARY CONCLUSIONS AND SUGGESTIONS

#### 5.1 Introduction

**This chapter presents the summary, conclusions and suggestions of the study. It also highlights the recommendations, limitations of the study and suggestions for further research.**

#### 5.2 Summary

Managing Strategic Change at KRB was found to be a critical process. This is because the process comes at the time when there is environmental turbulence in both corporate and public sectors of Kenya's economy. Like many other parastatals in Kenya, the changes in politics, governance, IT, customer preferences and tastes, globalization as well as increased competition have affected the way of doing business. This is in addition the internal factors at KRB such as the changes in employee expectations, firm's structure, technical and engineering aspects in addition to the culture of the firm. It is because of this that this research was undertaken so as to establish the factors influencing Strategic Change Management at KRB. This was against the backdrop that little if any research had been undertaken in this area. This study was also based on the objectives of establishing factors influencing Strategic Change at KRB. The intention here was that the findings will be of great significance to the donor community, KRB staff and management, among others, especially in its contribution to the reservoir of knowledge to the area under study.

The literature on the subject of study attempted to bring out the meaning and intent of strategy, strategic change, management of strategic change and approaches to strategic change management. The strategic change management tools such as stakeholder analysis and the force field analysis were discussed. The rationale for strategic change management was seen to be centre to deliver competitive edge for the firm based on either proactive or reactive nature of management, marooned by environmental turbulence. The factors influencing the management of strategic change were found to include resistance to change, government legislation, systemic change, stakeholder management and firm structure. Leadership and organizational culture as well as the human resource capabilities of the firm were equally identified as being fundamental in the management of strategic change. In terms of methodology, the research adopted a case study design of the KRB for purposes of offering a detailed investigation of the Strategic Change Management at KRB. Data was collected using interview guides while data analysis was done by way of content analysis.

The findings also demonstrate that the change process at KRB witnessed both systemic and behavioral resistance to change. Factors affecting change included suspicion among employees, staff indifference especially top managers towards junior staff formed the behavioral resistance to change. The lack of adequate time for the change processes and employee lack of involvement formed the basis of behavioral resistance to change. Employee incompetence, non willingness to change by top management, and lack of

training formed systemic resistance particularly during the formative stages of the change process at KRB. The implementation of change saw the use of numerous approaches. KRB made use of training, upgrading of IT, effective communication; team building activities, negotiation and coercion in dealing with resistance to change.

In the force field analysis, several parameters were found to support the change management process at KRB. The inclusion of stakeholders in the implementation process, establishment of key departments, new skilled and competent staff and supportive legislation and a supportive donor involvement supported the change process. The use of modern technology, effective communication and public support as well as transparency and accountability in the public service worked for the change at KRB.

### **5.3 Conclusions**

Successful management of strategic change can never be the result of any one single person or factor in an organization. It is a summation of all positive efforts undertaken first individually and then collectively as a team. The systems must be put in place so as to reduce systemic resistance to change. At the same time employee and stakeholder preparedness is key to change management for purposes of reducing behavioral resistance to change. Above all, successful CM calls for sustainable strategic leadership capable of CM and the creation of a learning organization where employees are not only ready to learn but also able to embrace change and change in tandem with the ever changing turbulent environment.

To deal with systemic resistance to change, it is necessary that KRB employees go for further training and empowerment on the desired skills. This will go along way in competent handling of Change Management at KRB. And therefore reduce resistance to change. It is also recommended that KRB should constantly use external consultants and agents in the management of the change processes. They should work hand in hand with the internal employees who shall be left to monitor and evaluate the change processes.

To foster more understanding of the change, employees should always undergo training and involved in empowerment workshops from the word go. This will go along way in reducing behavioral resistance to change.

#### **5.4 Recommendations**

It is recommended that research be undertaken on “The role played by stakeholders in the management of KRB”. This kind of study could be justified on the basis of non stakeholder involvement in the day to day running of KRB. There are other stakeholders who are not part of the management team of KRB such as donors and the government who have a great impact in the management of the change at KRB.

This Group (HODs) could have been involved in the policy formulation but not in the actual direction on management of the process at KRB. Accordingly, the findings of this study are tied to the management responses which do not incorporate the views of other

stakeholders on the managing of the change at KRB. The input of these groups could probably have enriched the study findings.

## **5.5 Limitations**

- (i) Time was a limiting factor. The researcher is in full time employment and therefore did not have adequate time especially in the collection of data. Equally, the HOD`s to whom the questionnaires were directed to were a very busy category and did not have adequate time at their disposal to adequately fill the questionnaire. This research may therefore not have in-depth scholarly content because the respondents could not take their time to give detailed responses to the questionnaire.
- (ii) The unwillingness of the respondents to supply the right response was another limiting factor. The respondents were suspicious that such study could expose their competitive advantage to their competitors. Equally the top managers were jittery about exposing their identity for fear that the firm would not be comfortable with such an exposure of the firm`s strategy. This implies that the respondents failed to give detailed responses to questions raised and this had a negative scholarly impact on the subject matter content of the study.
- (iii) Limited resources on the part of the researcher were another limitation. The research lacked adequate funding for conducting the research. This means the research objectives could not be exhaustively investigated.
- (iv) The researcher had limited access to experts for editing, proofreading, and guidance on the subject under investigation. This is because the research topic is a strategic management topic –one that has a few qualified and experienced researchers at masters` degree level.



## **5.6 Suggestions for Further Research**

The HOD`s to whom the questionnaires were directed to were a very busy category and did not have adequate time at their disposal to adequately fill the questionnaire adequately. This research may therefore not have in-depth scholarly content because the respondents could not take their time to give detailed responses to the questionnaire therefore it is suggested that a similar researcher be undertaken to cover the same topic so that an in-depth data and information is collected. It is also suggested that various topics on the same should be formulated so that more relevant information is adequately gathered.

## REFERENCES

Andrews, K (1971), *The Concept of Corporate Strategy*, Homewood, Illinois; Irwin

Ansoff, H. I & McDonnell, E (1990), *Implanting Strategic Management*, Second Edition,  
New Jersey, Prentice Hall

Ansoff, H (1988), *Corporate Strategy*, McGraw Hill, New York

Aosa, E (1992) *An Empirical Investigation of Strategy Formulation and Implementation  
within Large Private Manufacturing Companies in Kenya*. Unpublished PhD  
Thesis, University of Strathclyde UK.

Bullock, R J. & Batten D. (1985) *It As Just a Phase We Are Going Through: A  
Review and Synthesis of OD phase Analysis's Group and Organizational Studies*.  
10, December, pp383-412

Burnes, B (2000), *Managing Change: A Strategic Approach to Organizational  
Dynamics*: Third edition, Pierson Education Ltd

Burnes, B (2004), *Managing Change, A Strategic Approach to Organizational  
Dynamics*: Fourth Edition, Prentice Hall, London

Chandler, A (1962), *Strategy and Structure: Chapters in the History of Industrial Enterprise*: Cambridge MIT

Cooper, D & Schinder P ( 2003), *Business Research Methods*: Tata McGraw-Hill.  
Eighth Edition

Davis, E & Star, J (1993), *The World's Best Performing Companies*: Business Strategy Review. 4 (2) 1-6.

Drucker, P K (1985) *Innovation and Entrepreneurship*, Pan: London Hill, CW & Jones,  
GR (1999) *Strategic Management*: Irwin McGraw-Hill Fifth Edition

Grant, R, M (1998), *Contemporary Strategy Analysis, Concepts, Techniques Applications*: Third Edition London, Blackwell Publishers

Johnson, G & Scholes, K and Whittington R (2005), *Exploring Corporate Strategy*:  
Seventh Edition Prentice Hall

Kotter J, P (1996), *Leading Change*: Harvard Business Press,

Kasima C (2004), *Change Management Practices and Resistance to Change in*

*Multinational Oil Companies*. Unpublished MBA project: University of Nairobi.

Kothari C, R (2004). *Research Methodology; Methods and Techniques*: New Age, International Publishers

Kotler, P. (2003) *Marketing Management*: Prentice Hall India, Eleventh Edition

KRB Act no. 7, 1999: Laws of Kenya

Scott Wilson (2003): KRB Workshop Report, 2002

Lewin K. (1946), *Action Research and Minority Problems: Resolving Social Conflicts*. Harper and Row: London. Nachmias, V.F. & Nachmias, D. (1996): *Research Methods in the Social Sciences: Fifth Edition*

Nyangaga, F ( 1999), *Road Reform In Sub-Saharan Africa, Obstacles to Implementation*, pp 4

Ogwora E, (2003), *Strategic Change Management at the National Cereals and Produce Board*. Unpublished MBA project: University of Nairobi

Ongaro, (2004), *Strategic Change Management Practices in Kenyatta National Hospital*. Unpublished MBA project: University of Nairobi

Omole, J A (2003), *The Cost of Doing Business All around Wrigley*: Spring 2003  
PP 10-13

Pearce, J. A & Robinson RB (2003) *Strategic Management Formulation Implementation and Control*: Eighth Edition. Irwin/McGraw-Hill, New York

Porter, M (1985), *Competitive Advantage, Creating and Sustaining Superior Performance*, New York, Free Press

Quinn, J. B (1980), *Strategies for Change Management: Logical Incrementation*:  
Homewood, Illinois, Irwin.

Rose, C & Lawton A (1999) *Public Service Management*: FT-Prentice- Hall

Rukunga J (2003) *Strategic Change Management Practices in Kenya: The case of Nairobi Bottlers Limited*: Unpublished MBA Project, University of Nairobi

Senge P. (2003), *The Dance of Change: The challenges OF Sustainability Momentum in Learning Organization*: Nicholas Bradley Publishing, London.

Strebel P. *Why Employees Resist Change?* *Harvard Business Review*. March- April

1996 pp 86-94

Thomsosn, A & Strickland J (1998). *Strategic Management: Concepts and Cases*.

Irwin/McGraw-Hill, New York

Wiregi, B I (2004), *The strategic Response By Life Insurance Companies in Kenya*

*To Changes in Their Environment*. Unpublished MBA project, University of

Nairobi

Watson, Tony (2006): *Organizing and managing work*. Pearson Education Ltd. Essex



**APPENDIX I**

**LETTER OF AUTHORIZATION**



## APPENDIX II

### KEY PERFORMANCE INDICATORS STRUCTURE

	Objective	Strategies	Output indicators
1	To enhance and sustain the KRB Fund	1.1. Efficiently and effectively manage the KRB Fund	(i) RMLF - Kshs. 24. 1 Billion (ii) Transit Tolls - Kshs. 400 (iii) Cess- Kshs. 100M (iv) Other Sources - Kshs. 1 10M (v) 100% compliance with KRB Budget (vi) 100% level of utilization (vii) 100% compliance with the disbursement programme (viii) 100% compliance with IAS and IFRS
		1.2. Actively source other funds to be applied in roads maintenance	(i) MORI approved by Minister for Roads (ii) Insurance/levy approved by the Minister (iii) Kshs. 100M raised from Tea Cess (iv) Kshs. 200M raised from sugar and horticultural Cess (v) Kshs. 10 B borrowed through infrastructure Bonds (vi) Kshs. 200 M worth of Project implemented under PPP (vii) Policy that Development Partners channel all maintenance funds through KRB
		Review the RMLF and other sources of funds.	(i) Updated Marketers Register (ii) Quarterly RMLF verification Reports (iii) RMLF Analysis Report
2	To optimize utilization of KRB Fund	Institutionalize the Road Sector Investment Programme (RSIP)	(i) Approved RSIP (ii) PRP 2012/13 compliant with RSIP

## **APPENDIX III**

### **INTERVIEW GUIDE- CEO. & HODS**

#### **RESPONDENTS PERSONAL DETAILS**

Number of years of experience with the company \_\_\_\_\_

#### **CHANGE IMPLEMENTATION**

##### **(A) FORCES OF CHANGE**

1. What are the major changes which have taken place in your firm in the recent past?
2. Which were the forces that necessitated change at KRB?
3. What were the goals of change?
4. What were the internal factors within KRB which motivated the change process?

##### **B) APPROACH TO CHANGE MANAGEMENT**

1. Did KRB involve external consultants in the change management process?
2. If yes, at which point in time were they involved?
3. Were they effective in your opinion?
4. If your answer is no, what in your opinion could have been done differently?

##### **C) CHANGE CONTENT**

1. State the key Changes that have been effected in KRB
2. In your opinion, to what extent has the change been effectively implemented?

3. Has the change practices affected people, organization, technology and process at KRB?
4. If yes, please state the elements of the change management practices that affected people, organization, technology and processes.
5. Have the changes impacted positively or negatively on the KRB?
6. a) Was there any urgency for change at KRB?  
b) If yes, how was this urgency built and finally incorporated in the change management process?
7. a) Was there a specific team (s) assigned the mandate to lead the change process?  
b) What were some of the factors taken into account in constituting the teams?  
c) Were the team given empowerment, specific roles and powers to perform?  
d) If yes, which roles and powers were they given?  
e) Were the teams given any short term targets to accomplish?

#### **D) CHANGE MANAGEMENT PROCESS**

1. a) Were KRB employees informed about the change process?  
b) If yes, how was the change process communicated to the staff? Which role did you play in the change management process
2. In your view was the change vision clearly articulated and understood?
3. As a company employees and stakeholder, were your interests and concerns taken care of or taken into account during the change process?
4. How regularly were you consulted in the change process?

5. Did the change managers use symbols, patterns or setting to communicate change? Precisely, what visible or outward attributes accompanied the change process?
6. How did the change process occur? Was it once, twice or it involves several stages?
7. a) Were employees prepared fully to help them cope with the change process?
8. What are some of the steps that have been taken by the KRB to ensure that the objectives of the change have been achieved and maintained?
9. a) In your opinion have the KRB staff fully embraced change?  
b) Have the employees become change competent?

## **CHALLENGES TO THE CHANGE INITIATIVES**

### **A) RESISTANCE TO CHANGE**

- 1) a) Did you fully support the change initiative?  
b) If no, what are your reasons?  
c) In your own opinion, was there any resistance to change process at KRB? What were the causes of the resistance?
- 2) What factors did KRB utilize to overcome resistance to change? Please rank them in terms of their percentage usage.