STRATEGIC CHANGE MANAGEMENT AT EAST AFRICAN BREWERIES LIMITED, KENYA

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DECLARATION

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

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

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ABBREVIATIONS AND ACRONYMS

ADCA	Alcoholic Drinks and Controls Act
CBK	Central Bank of Kenya
DCT	Dynamic Capability Theory
EABL	East African Breweries Limited.
EABLi	East Africa Breweries International
EAML	East Africa Maltings Ltd
GCEO	Group Chief Executive Officer
KBL	Kenya Breweries Ltd
MBA	Master of Business Administration
OST	Open Systems Theory
RBV	Resource Based View
SCPC	Strategic Change Project Committee
SOA	Statement of Authority
UBL	Uganda Breweries Ltd
VRIN	Valuable, Rare, Inimitable and Non-Substitutable

ABSTRACT

The ever-turbulent, interconnected uncertain and dynamic environment dictates strategic change leaders to proactively and reactively adopt agility and flexibility in their organizations in order to assure their survival and sustainability in the long run. The common cause of failure of strategic change initiatives is the obsession of change agents in skewing the implementation of strategic change approaches with single minded focus of organizational interests and little concern for people interests. It is conventionally known that for organizations to change and reinvent themselves, it is the people who are in those organizations who must change their behaviours and ways of working. Successful strategic change management demands organizations to anticipate and mitigate resistance to change initiatives through embedding of the contagious and infectious emotional approach to people behaviour change as opposed to rational approach to change management in order to realize optimal strategic change performance outcomes. Thus, positive reinforcement of behaviour change facilities the formation of new habits by people as opposed to negative reinforcement. The objectives of this study were to establish the strategic change management practices at East African Breweries Limited (EABL) Kenya and to determine the factors influencing successful strategic change management at the organization. The study reviewed literature on theories and models of change management as well as factors influencing strategic change management. The research design adopted for this study was case study as it enabled the investigator to undertake broad and deeper understanding of the research problem. The unit of analysis in the research study was EABL, Kenya. In order to achieve the objectives of the study, both primary data collection methods and secondary data collection methods were used for triangulation purposes. Primary data was collected using an interview guide. Secondary data was collected from company website, publications, web pages and annual company reports. The semi structured interview guide was administered through personal interviews with top management team of EABL, Kenya to gather in-depth insights on strategic change management. The data collected from the study was coded, classified and analysed using content analysis. The study findings of the research study revealed that the key driving forces necessitating strategic change at EABL, Kenya were arising from the external environment. The study established that EABL, Kenya adopted a top-down strategic change management approach. Thus, the study revealed that EABL, Kenya's senior managers were responsible for crafting strategic change vision and a strategic change project committee was responsible for change implementation. The results from the study established that the key success factors in strategic change management are: organization culture, leadership, organizational structure, organizational change and stakeholder engagement. The study concludes strategic change management practices at EABL, Kenya entailed adoption of people oriented strategic approach to change management whilst simultaneously safeguarding shareholder interests. The study recommends the involvement and negotiation of key stakeholder interests across all levels of organizations structure at the primary stages of strategic change initiation in order to drive buy in and ownership of strategic change initiatives.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Strategic change is the only continuous inevitable fact of life of any organization. Indeed, it is the lifeblood of organizations in today's ever turbulent, volatile, interconnected, complex, uncertain, hyper-competitive and dynamic environments (Daft, Kendrick & Vershinina, 2010). Organizations have to constantly embrace flexibility and agility to survive. Strategic change is an enduring complicated, painful, strenuous and difficult process. Deutshman (2005) observe that strategic change is difficult and many managers are unwilling to take on the task until it is too late thereby resulting to acquisition of their companies by other organizations or seizure of existence of their organizations altogether. Organizations have the choice of adapting to changes in their environment in order to survive or ignore the changes at the risk of their own peril. Embracing strategic change and executing it flawlessly is a source of superior and sustainable competitive advantage (Barney & Hersterly, 2008; Mintzberg, Lampel, Quinn & Ghosal, 2002).

Yukl (2010) argues that strategic change management gained popularity in the 1980's when many private and public sector organizations were confronted with the need to change the way things were done in order to survive. Beer and Nohria (2000) argue that organizations can realize maximum payoffs in profitability, productivity and sustainable competitive advantage through effective combination of soft and hard approaches to strategic change management. The integration of organizational and operational changes takes a long period of time to implement and gain results.

This study is guided by the three strategic change management theories namely: resource based view theory, dynamic capability theory and open systems theory. The underpinning change management models that will guide this study in providing insights about how strategic change is practiced are: Lewins' three step model, Kotter's eight step model and Bridges' model of transitions (Cameron & Green, 2012). Kurt Lewin's argued that successful change in organizations should follow three steps namely: unfreezing the status quo, movement to a desired end state and refreezing the new change to make it permanent (Robbins & Judge, 2013). McShane and VonGlinow (2008) argue that although Lewin's three step model is useful in explaining the dynamics of organizational change, it ignores three other key ingredients of strategic change notably: well-articulated and appealing vision of the desired future state, change agents and diffusing change.

Kotter's eight step model for implementing change addresses the eight common errors that cause major change efforts to fail namely: allowing too much complacency, failing to create a sufficiently powerful guiding coalition, underestimating the power of vision, under communicating the power of vision by a factor of 10 (or 100 or even 1,000),permitting obstacles to block the new vision, failing to create short-term wins, declaring victory too soon and neglecting to anchor changes firmly in the corporate culture (Kotter, 1996). William Bridges model of transitions consists of three steps namely: ending, neutral zone and new beginning. Bridges' model of transitions emphasizes the need for deeper understanding of what is going on emotionally at each stage of the organizational change (Cameron & Green, 2012). This study will adopt and be guided by Kotter's eight step model to determine its use at EABL, Kenya during the research enquiry due to its relevance to contemporary organizational realities of emotional connection, negotiation, politics and coalition building of strategic change management.

The brewing industry in Kenya has been facing serious threats and challenges arising from the external environmental forces as well as internal environmental forces. The dynamic business environment has necessitated the firms to proactively and reactively adopt strategic change management approaches. The increased government regulation the Kenyan brewing industry following the enactment of the Alcoholic Drinks Act (2010), rising global oil prices, negative currency fluctuations, threat of terrorism, political instability following 2007 post- election violence, increased taxation of alcoholic drinks, high cost of raw materials, entry of global beer companies such as Heineken and South African Breweries Ltd as well as the proliferation of a plethora of cheap spirits brands targeted the lower end of the beer market segment has necessitated the need to implement a raft of strategic changes at East African Breweries Ltd in the past five years (East African Breweries Limited, 2015; KPMG, 2014).

1.1.1 The Concept of Strategic Change

Different authors have defined the concept of strategic change in distinct perspectives. According to Hill and Jones (2001) strategic change is the systematic process of moving an organization from its current state to a known future state over a period of time in order to increase its competitive advantage. In other words, strategic change requires adoption of fundamental modification of an organizations' strategic game plan in order to exploit environmental opportunity, disruption of status quo and adoption of new ways of working. Therefore strategic change is a long-term oriented and it is a journey not an event. It is a process involving a series of non-linear transition stages in order to realize targeted strategic outcome.

Lynch (2009) defines strategic change as the proactive management of change in organisations while in alignment with their external environment in order to achieve clearly defined objectives. This means strategic change entails the continuous process of coping and adapting organizations to dynamic realities of the environment in order to survive and stay competitive. Consequently organizations have to consistently create a strategic fit with their environment.

Worley, Hitchin and Ross (1999) refer strategic change as a complex, organizational response that can be caused by an equally complex set of internal and external conditions in order to achieve sustainable competitive advantage. This implies that strategic change is a compounded by the organisation's need to balance between the pursing the business orientation of change while simultaneously addressing the people dimension of change so as to optimise organizational efficiency and effectiveness. The common theme from the three definitions is that strategic change is robust process of holistic organizational intentions initiated to address environmental forces so as to achieve desired outcomes. Put differently, Strategic change is a future oriented, forward-backward process that adopts a leaning organization orientation.

If it was possible to extrapolate the future from present, strategic change would be irrelevant. Every organization today is operating in a messy, chaotic, unstable and dynamic environment. The continuous, consistent rallying call for every organization is to adapt or perish (Greenberg, 2005). Further, Greenberg (2005) views strategic change as either planned or emergent. Planned change is strategic change that is carefully and deliberately planed. According to Robbins and Judge (2013) emergent change is on-going spontaneously and forcible process of aligning, repositioning and re-aligning organization to its environment as a result of external forces of change such as advances in technology, globalization, government regulation and changing consumer needs..

Nelson and Quick (2008) observe that the people aspects of change are the most critically instant drivers of successful transformations. Strategic change causes major destructions in an organizations ways of working and the anticipated resultant stress, tension, anxiety and trauma to employees needs to be taken into account while planning for change. Therefore, for organizations to change, people in those organisations must change their behaviour first. However, changing people behaviour is a common challenge amongst change leaders implementing large scale organization wide transformations.

According to Robbins and Judge (2013) managers, outside consultants or employees are the primary change agents in most organizations responsible for managing strategic change activities. Change agents must be good listeners to help uncover root causes of resistance to change and continuously engage the various stakeholders throughout the transformation journey of successful operationalization and institutionalization of strategic change. The increasingly dynamic and uncertain environment turbulence requires organizations to pursue emergent approach to change.

1.1.2 Brewing Industry in Kenya

Beer industry history in Kenya dates back to 14th December, 1922 when two brothers from England, George Hurst and Charles Hurst, started brewing beer in Ruaraka, Kenya and delivered to the Stanley Hotel. The two formally incorporated their private company as Kenya Breweries Limited (KBL). The first brewed lager was named “Tusker” in 1923 in memory of George Hurst who had been killed in an elephant hunting accident.

KBL merged with Tanganyika breweries Limited in 1936 leading to the change of name to East African Breweries Limited. The company was first listed on the Nairobi stock exchange in 1954.The organization’s current headquarter’ s foundation stone in Ruaraka, off the new Thika Superhighway was laid by Kenya’s founding father Mzee Jomo Kenyatta in 1970 (EABL, 2012).

Per capita alcohol consumption in Kenya is about 9.2 litres per person versus the global per capital average of 35 litres per person. This presents the opportunity for per capita consumption growth as disposable incomes increase and consumers trade up from informal alcohol (often spirits) to professionally brewed beer. The alcoholic drinks market in Kenya experienced a volume sales decline in 2014 due to high taxation of lower end targeted segment beer (Gachiri, 2012).

The key players in the Kenyan brewing industry are: East African Breweries Limited (EABL), Carlsberg Breweries Limited, Heineken NV, SABMiller and Keroche breweries. EABL controls about 90% of the formal Kenyan beer market share and about 50% of the spirits market share while Keroche controls 3% of beer market share and the other players share the balance 7 % of beer market share (KPMG, 2014).

According to Euromonitor (2015) the increasing proliferation and accessibility of retail outlets in residential areas coupled with the growing shopping mall and supermarket culture among the Kenyan population are generally influencing how consumers purchase alcoholic drinks. Metallic beverage cans packaging format is mainly getting adopted by supermarkets, wines & spirits shops and convenience stores. For premium products, select supermarkets and restaurants are the distribution channels that producers and distributors prefer to use.

The challenges facing the brewing industry include: risk of terror attacks by Al Shabaab; rising world oil prices, currency fluctuations against the dollar, high inflationary pressure, higher taxes, and low disposable income among majority of Kenyan population. Alcoholic drinks in Kenya is set to grow in tandem with Kenyan economic growth expected due to political stability, government infrastructure investments, growing affluent middle class, and increased foreign direct investment in the country. Increased business confidence in Kenya is set to promote higher disposable incomes and increased consumer spending on alcoholic beverages. Besides, the growing young population in Kenya will also provide an opportunity for strong growth. Finally, the proliferation of bars, restaurants and hotels is also expected to spur growth in alcohol consumption in Kenya in future (KPMG, 2014).

1.1.3 East African Breweries Limited, Kenya

East African Breweries Limited (EABL) comprises of five subsidiary business units: Kenya Breweries Ltd (KBL), Uganda Breweries Ltd (UBL), East Africa Maltings Ltd (EAML), East Africa breweries international (EABLi) & UDV (K) Ltd. Her business model includes publicly quoted companies, joint ventures and third party distributors. EABL is one of the leading branded alcohol manufacturing companies in East Africa. The company was formerly known as Kenya Breweries Ltd. It is principally engaged in the production, packaging and marketing of alcoholic and non-alcoholic beverages. The product portfolio of the company includes beer, spirits and non-alcoholic beverages. These products are sold under the Tusker, Tusker Malt, Pilsner, White Cap, Bell, Allsopps, Guinness, Johnnie Walker, Smirnoff, Richot, Waragi, V & A, Bond 7, Malt Guinness and Alvaro brands (EABL, n.d).

The company principally operates in Kenya. East African Breweries Limited is a subsidiary of Diageo. With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors. EABL has an annual turnover of Kshs 60 Billion and it has the largest share of the beer industry in the region. The group employs more than 1000 people across East Africa. EABL has been awarded a number of accolades such as: the "Most Respected Company in East Africa", five years in a row (2000, 2001, 2002, 2003 & 2004) in a survey conducted by PriceWaterHouse Coopers and the Nation Media Group, Best company to work for in Delloite’s Kenya survey of 2012 and Kenya’s second largest taxpayer in 2010, 2011 & 2012 (EABL, 2015).

EABL is listed on the Nairobi, Uganda, and Dar es Salaam stock exchanges. . In Kenya, East African Breweries Limited, a subsidiary of Diageo is the second largest listed company with a market capitalisation of US$2.4 billion, or 10.5% of the Nairobi

Securities Exchange’s total market capitalisation(KPMG,2014). The company has invested in new supply chain capacity, including a new canning line, in order to boost production levels. East African Breweries has 26,000 local partners across the value chain, and sources 10,000 tonnes of sorghum in Kenya (from only 400 tonnes four years ago), while two new varieties of high-yielding barley seed were recently launched. A big focus for East African Breweries is to boost the spirits penetration rate amongst East African consumers; the company has accordingly invested in marketing and sales capabilities in this area (Orr, Mwema & Mulinge, 2013).

Kenya Breweries was founded in 1922 by two white settlers, George and Charles Hurst who started brewing beer in Kenya as an incorporated private company. By 1938 the company was recognized for having good quality beer thus winning its first international competition. According to Hunt and Gufwoli (1986), KBL was originally formed as a beer company exclusively to serve Europeans with western type bottled beer. A colonially administered ordinance existed that barred Africans from enjoying bottled beer and was finally abolished in 1949.It is the existence of the colonial ordinance that motivated Africans to engage in local indigenous brews and has to date contributed to the ploriferation of a plethora of cheap illicit brews throughout the country.

The company acquired Tanganyika Breweries Limited in 1936 and changed its name to East African Breweries Ltd. In 1964 it acquired equity interest in Tanzania’s Kilimanjaro Brewery and a year later Guinness East Africa was incorporated in Kenya. By 1972 it had the largest public share issue in Kenya. This has made it the biggest player in beer industry (Central Bank of Kenya, 1991). EABL has been operating in a very competitive environment that has seen intense government taxation and regulation as well as the entry of new global beer competitors in the Kenyan beverage alcohol category to compete for a share of wallet of the limited disposable income (KPMG, 2014). The above scenario necessitates the need for a study into the factors influencing strategic change management at the organization.

1.2 Research Problem

No organisation can survive in the modern society without embracing change. Taffinder (1999) contends that the defining ethos of successful organizations is a mix of coalescing elements which collectively provide a defensible capability namely: enthusiasm for change, tolerance of traitors, openness to possibilities, risk taking and opportunism, self-critique, promotion on merit and collaborative spirit. Most organisations are usually strategically, structurally, and psychologically hard wired to resist change. Further, Taffinder (1999) notes that real strategic change requires escalation of constructive conflict and creative tension at individual, group and organizational levels to create and sustain radical change essential in contemporary organisations while simultaneously nurturing deep change relationships with relevant stakeholders. Strategic change management delivers value to organisations by creating superior and sustainable performance as well as competitive advantage.

Kotter (1996) notes that only 30% of change programs succeed. According to Strebell (1996) the success rates of change initiatives in Fortune 1000 companies ranges between a low of 20% and a high of 50%.The failure of change efforts to meet the expected outcomes of organisations is putting change leaders in the spotlight among key stakeholders. Several factors contribute to successful execution of strategic change management. Burnes (2009) summarizes emergent theorists' factors that either promote or obstruct successful strategic change management as: organizational structure, organizational culture, organizational learning, managerial behaviour, as well as power and politics. He argues that there is no one single factor on its own that can guarantee success in strategic change implementation but rather harnessing on the complementary benefits of all while aligning with contextual implications.

The core of getting people to change is mostly by speaking to the people's feelings and emotions in order to drive infectious engagement, connection, affiliation and commitment to change as well as win their heads, hearts and minds (Kotter, 2002; Jones, 2010). Kinicki and Kreitner (2006) argue that human beings are creatures of habit who find it difficult to try new ways of doing things. It is critical for leaders to proactively manage resistance to change since failed change efforts are costly. Such costs include decreased employee loyalty, waste of money and resources, lower probability of achieving corporate objectives, low employee productivity levels. In decoding resistance to change, Jeffery and Laurie (2009) recommended viewing resistance to change as feedback you can use productively. Change leaders need to provide the conducive change climate in the organization by reducing tension and stress associated with economic and mechanist approach of change implementation by trading off the approach with negotiating and bargaining the interests of change with the various stakeholders (Buchanan & Huczynski, 2010). The high failure rate of strategic change initiatives calls for deeper understanding of the critical success factors for strategic change management. Consequently, it is critical to undertake a research study to add knowledge and insights on successful strategic change management.

EABL has been facing tough market conditions attributable to current on-going government crackdown on second generation brews, increased regulation following the implementation of Alcoholic drinks & control Act (2010), growing inflation, increase of Senator Keg's excise duty, high production costs arising from electricity and fuel costs, weakening East African currencies against the dollar and erratic rainfall patterns (KPMG Africa,2014). Besides, EABL's strategic intent of becoming employer of choice, force for good in every market in East Africa and deliver superior shareholder returns provides the opportunity for pursuit of in-depth study on strategic change management practices at EABL as well as the critical success factors.

A number of studies have been carried out in strategic change management. International studies on the concept of strategic change were done by Saleemi (2011), Mchugh (1996) and Stoyanova (2011). Saleemi (2011) study on exploration of resistance to change by people within organizations and its behaviours and concluded that employee resistance is caused by uncertainty of future change decisions, past change failures and unsatisfactorily vision. Mchugh (1996) study which focused on managing strategic change in public sector organisations in Sweden concluded that initiating continuous improvement programs help alleviate employee stress levels associated with strategic change. Stoyanova (2011) studied strategic change management and the use of internal communication at HP and concluded that personal communication during change from direct managers facilitates effective strategic change management.

The following are local studies done on strategic change: Kariuki (2010) looked at factors influencing strategic change at Co-operative bank of Kenya and concluded that organisation structure strategy and culture were the key determinants of strategic change, Mwangi (2011) concentrated on management of strategic change at New Kenya co-operative creameries Ltd and found out that the firm adopted planned and emergent change management approaches to change, and Ojendo (2009) focused on strategic change management at Energy regulatory commission of Kenya and concluded that the firm adopted a number of change management practices notably; creating awareness and understanding, change leadership, logo redesign, solidifying the process, overcoming opposition and integrating new processes.

The following studies have been done at East African Breweries Limited namely: Musia (2013) focused on factors influencing competitive advantage by EABL within the beer manufacturing sector in Kenya and found out that the company adopted product differentiation, superior customer service and cost leadership to gain competitive advantage, Kerore (2013) studied factors that have influenced EABL to go international and found the drivers to be greater market opportunity and optimisation of profits, and Ambala (2014) investigated the strategies used by EABL to respond to change in the brewing industry and found the key strategies to be heavy capital investments, stakeholder engagements, vertical integration and continuous innovation of new brands.

From the above stated studies and to the best of the researcher's knowledge, no studies have been carried out on strategic change management of an organisation in the brewing industry like EABL, and thus a knowledge gap exists. This study will seek to answer the research question: what are the factors influencing strategic change management at EABL, Kenya?

1.3 Research Objectives

The objectives of the study were to:

(i) Identify strategic management practices at EABL, Kenya

(ii) Determine factors influencing strategic change management at EABL, Kenya.

1.4 Value of Study

The findings of the study will be helpful to various stakeholders. This study will help managers at EABL Kenya to have a better understanding of strategic change management so as to be better informed in leading future change initiatives. Besides, the will gain deep understanding on ways of minimizing the risks and costs associated with failure of change initiatives in the dynamic and turbulent business environment. The study will shed light on the critical role of implementing people oriented change strategies as well as provide a framework for proactively harnessing and feed backing resistance to change.

The study will also enlighten stakeholders and government on formulation of policies that facilitate sustainable strategic change management. This study will shed light on the role of negotiation, politics and power in driving strategic change initiatives. Other interested parties will benefit from the study findings on the dynamics of effective strategic change implementation in order to make informed integrated strategic change decisions.

Finally, the study will contribute to the existing knowledge on determinants of strategic change management and provide useful reference information to present and future scholars on strategic change management in Kenya. The study will provide future directions for further research in strategic change management.

1.5 Summary

This chapter has introduced and discussed the background of the study, research problem, research objectives and value of the study. The key highlights of the research study chapter are as follows: the increasingly rapid and complex environmental turbulence provides organizations with choices of either ignoring strategic change at their own peril or embracing strategic change throughout the organization in order to survive in the long run and reap sustainable and above average industry returns; the tough macro-environment EABL has been operating in recent times comprising of increased government regulation and taxation as well as entry of global beer competitors provides a need for a research study of strategic change management at the organization; the high failure rates of as high of 50% of strategic change programs in Fortune 1000 companies necessitates the need for a study on the critical determinants of strategic change management; the objectives of the study were to identify the strategic change management practices at EABL, Kenya and to determine the factors influencing strategic change management at the organization; since no competitive study had been undertaken on strategic change management in any organization in the brewing industry in Kenya; the findings of the study will be useful to practising managers, policymakers and researchers understand contemporary best practices of strategic change management, facilitate policy development and provide reference for future research in strategic change management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature related to the study. An overview of theories underpinning the study, models of change management and factors influencing strategic change management is discussed.

2.2 Theoretical Foundation of the Study

This study is informed by three theories, namely; resource based view, dynamic capabilities theory and Open systems theory.

According to Lynch (2009) Resource based view (RBV) argues that the firm's critical source of significant competitive advantage comes from the organisation's historically developed resources rather than the environment in which it operates. The effective deployment, mutual interaction, leverage & application of the firm's bundle of valuable heterogeneous resources enables an organisation to outperform its competitors. It takes years to build the most important and unique organizational resources and capabilities. Thus, successful strategic change management largely depends on harnessing and leveraging on the distinct and unique organizational resource endowments in order to achieve above average industry returns (Drummond & Ensor, 2003; Barney & Hesterly, 2008).

The RBV emphasizes the importance of firm - specific resources in driving value addition and competitive advantage of an organisation (Lynch, 2009). According to Armstrong (2012) the key principle of RBV is that a firm is seen as a collection of resources that are simultaneously Valuable, Rare, Inimitable and Non-Substitutable (VRIN). These special resource endowments are usually important factors influencing successful strategic change implementation. RBV advocates for the need for organizations to purposely develop unique capabilities and competencies in order to match the opportunities in the external environment (Hooley, 1998).

The main principle of Dynamic Capability Theory (DCT) is that organizations deliberately create, renew, modify, change or extend their valuable resources through timely adaptation to the changing external environment while simultaneously creating value and achieving sustainable competitive advantage (Teece, Pisano & Shuen, 1997). DCT argues for the reconfiguration, leveraging, learning and integration of the firm's resources to match the changing environmental realities. Thus, dynamic capability theorists argue that organisations must quickly exploit the opportunities presented by environmental dynamism by organizational reconfiguration as well as leveraging and developing new capabilities embedded on the firm's existing capabilities, assets and core competencies in order to fit the uncertain and chaotic external environment and achieve sustainable competitive environment (Daft, Kendrick & Vershinina, 2010).

According to Burnes (2009) open systems theory views organizations to be comprising of a number of interconnected and interdependent subsystems that function as a whole to achieve a common purpose while simultaneously in constant interaction with the environment and each other. According to Daft, Kendrick and Vershinina (2010) the key principle of open systems theory is that the environment significantly influences how organizations operate by provision of critical resources that are critical for their existence.

Organizations function by acquiring inputs from the environment, transforming them in some way and discharging outputs back to the environment. By leveraging on the synergy, integration and interdependence of the subsystems, strategic change managers can optimise the success rate of change programs (Ansoff & McDonnell, 1990).

2.3 Strategic Change Management Models

According to Baldwin, Boomer and Rubin (2008) many strategic change efforts fail due lack of integration of the process of change formulation and change implementation. Strategic change management models help to explain the practice and process of implementing strategic change in organizations. Below is a discussion of the models that are relevant for this study.

2.3.1 Lewin's Three Step Model

Carnall (2007) observes that Kurt Lewin's most enduring and well known three stage model comprises of the sequential process of unfreezing, moving and refreezing. The first step, unfreezing involves examining the current state, increasing driving forces of change or reducing the restraining forces of change in order to neutralize and overcome the resisting forces of change and existing ways of thinking as well as status quo. This stage requires change agents to diagnose and deal with resisting factors of change before selling the change. During the second step, moving, new ideas are tested and new ways of working emerge through participation and involvement of people. In this stage, the behaviour of people is taken to a new level (Jones, 2010).

The third and final step of, refreezing, entails making change permanent and entrenching commitment to the new behaviours, attitudes and skills through reinforcing support mechanisms such as rewards, organisation culture & structures (Burnes, 2009). Although critics of Lewin's change model condemn it as being too simplistic, linear and rational, it has significantly influenced the development of most strategic change management models since 1947.

2.3.2 Bridges' Model of Transition

Cameron and Green (2012) note that the William Bridges model advocates for deeper understanding on what goes on emotionally and psychologically to people and individuals as they come to terms with new organization wide changes, let go of the past and adapt to new behaviours or ways of working in order to gain commitment and ownership of change program and improve success rate of change initiative. The transition model comprises of three phases namely: ending, neutral zone and new beginning.

The ending phase entails anticipating the emotional reactions of anxiety, fear, blame and shock arising from loss of habitual behaviours and openly acknowledging the losses to affected people and the repeated sharing of information on what is changing until the time it sinks in people and you mark the endings (Cameron & Green, 2012). During the neutral zone phase, people feel disoriented, anxiety rises, attitudes become polarized and motivation falls. Temporary structures such as taskforces and smaller teams may be needed to manage people during this transitional period. The change agent's role in this stage is to capitalize on allowing two-way communication and converting complaints into creative opportunities.

Lastly, in the new beginnings phase, people need four elements to shed off the old way of working and embrace emotional commitment to change notably: the purpose behind the change, a picture of how the new organization will look and feel , a step by step plan of how to get there, and a part to play in the outcome. Baldwin, Boomer and Rubin (2008) assert that the critical lessons attributable to Bridges' transition model are as follows: change efforts that disregard the process of transition are doomed to failure, transitions can take a long time if not well managed and basic transition management strategies can help to accelerate the process.

2.3.3 Kotter's Eight Stages Model of Change Management

Cameron and Green (2012) observe that Kotter's eight step model derives from analysis of his consulting practice with 100 different organizations going through change. Kotter's research highlighted eight critical factors for creating and executing successful change transformations namely: establishing a sense of urgency, creating a powerful guiding coalition, creating a vision and strategy, communicating the vision, empowering others to act on the vision, planning for and creating short-term wins, consolidating gains and still producing more change, and anchoring new changes in the culture (Carnall, 2007).

According to Kotter (1996) the eight steps model in Figure 2.1 is a challenging and complicated large scale change transformation process and not an event. Kotter warns that shortcuts in the transformation process often backfire and derail the change process. Kotter's model places greater emphasis in getting the early stages right: building coalition and setting the vision rather than later stages of empowerment and consolidation (Cameron & Green, 2012). Carnall (2007) argues that creating a guiding coalition is a political process of change and anchoring change requires recognition of the social context of the particular change.

Figure 2.1 Kotter's Eight –Stage Process of Creating Major Change

1. **Establishing a sense of urgency**
   Examining the market and competitive realities.
   Identifying and discussing crises, potential crises or major opportunities.

2. **Creating the guiding coalition**
   Putting together a group with enough power to lead the change.
   Getting the group to work together like a team.

3. **Developing a vision and strategy**
   Create a vision to help direct the change effort
   Develop strategies for achieving that vision.

4. **Communicating the change vision**
   Using every vehicle possible to constantly communicate the new vision and strategies
   Having the guiding coalition, role model the behaviour expected of employees.

5. **Empowering broad based action**
   Get rid of obstacles
   Changing systems or structures that undermine the change vision.
   Encouraging risk taking and non-traditional ideas, activities and action.

6. **Generating short term wins**
   Planning for visible improvements in performance or "wins".
   Creating those wins.
   Visibly recognizing and rewarding people who made the wins possible.

7. **Consolidating gains and producing more change**
   Using increased credibility to change all systems, structures and policies that don't fit together and don't fit the transformation vision.
   Hiring, promoting and developing people who can implement the change vision.
   Reinvigorating the process with new projects, themes, and change agents.

8. **Anchoring new approaches in the culture**
   Creating better performance through customer – and productivity – oriented behaviour, more and better leadership, and more effective management.
   Articulating the connections between new behaviours and organizational success.
   Developing means to ensure leadership development and succession.

Source: Kotter (1996) Leading Change, Harvard business school press, Boston

2.4 Factors Influencing Strategic Change Management

Yukil (2010) opines that change agents have leadership responsibilities of guiding and facilitating the strategic change management process in organizations. The high failure rate of change initiatives attributable to resistance to change requires change leaders to view change resistance as timely feedback of the change journey and normal people defence mechanism of coping with change. Burnes (2009) summarises the emergent change approach theorists views of the five critical determinants of successful strategic change as: organizational culture, power and politics, managerial behaviour, organizational learning as well as organizational structure (Mintzberg, Lampel & Quinn, 2003).

2.4.1 Organizational Culture

The shared beliefs, values and norms which influence the way employees think, feel and act towards others inside and outside the organisation is defined as organizational culture (Buchanan & Huczynsi, 2010; Balogun & Hailey, 2008). Organizations possessing a strong culture at a time of required strategic change may be less flexible and less able to change. According to Cummins and Worley (2009) changing corporate culture can be extremely difficult and risky exercise and as such requires top management commitment and support, clear strategic vision, symbolic leadership, supporting organizational changes, selection and socialization of newcomers and termination of deviants, as well as sensitivity to legal and ethical issues. Thompson and Strickland (1993) argue that there must be a fit between strategy, structure, systems, staff, skills, shared values and style for strategic change implementation to successful. This view is supported by Kotter (1996) who appoints out that for change to be successful, it must be anchored on the organisation’s culture.

2.4.2 Power and Politics

According to Buchanan and Huczynski (2010) power refers to the capacity of individuals to overcome resistance on the part of others, to exert their will, and to produce results consistent with their interests and objectives, whereas politics is the use of techniques and tactics to get people to do what you want them to do. The contemporary flatter organization structures places a premium on political skills. Further, Buchanan and Huczynski (2010) argue that political behaviour plays a significant role in strategic change process. This observation is supported by Cameron and Green (2012) view that power play, competing interests and conflicts are part of organization's strategic change cycle as well as Kotter's (1996) argument that successful major transformations require the formation of a powerful guiding coalition. Consequently, gaining support and commitment to strategic change by top management through the use of a multiplicity of interdependent strategic change management strategies namely: education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-optation as well as explicit and implicit coercion substantially improves the success rate of change programs (Kotter & Schlesinger, 2014).

2.4.3 Managerial Behaviour

According to Burnes (2009) Emergent change theorists advocate for a radical change in the role of managers from the traditional role of directing and controlling change from the top to operating as facilitators and coaches who assemble together and empower teams and groups to identify and galvanize around the need for strategic change. Similarly, Kotter (1996) advocates for managers to develop leadership skills in order to effectively navigate the complex change management terrain in their organisations. Besides, Burnes

(2009) argues that change agents must be: emotionally intelligent, able to cope with risk and ambiguity, able to facilitate bottom up change initiatives, able to devolve responsibility and genuine empowerment, able to facilitate open formal and informal organisation wide communication via groups and individuals, able to develop interpersonal relationship skills, able to promote teamwork, group problem solving, able to encourage shared learnings as well as able to harness creativity and innovation from teams in order to drive alignment and accountability to the strategic change process.

2.4.4 Organizational Learning

Burnes (2009) defines organizational learning as the process of collective learning, as opposed to individual learning, in organizations that is geared towards improving the performance of the organization by involving everyone in collecting, studying, learning from and acting on information. Thus, the ability to drive strategic change and consistently deliver above average industry returns is directly related to ability for the organisation to embrace organizational learning. Cummings and Worley (2009) observe that organizational learning can be promoted and enhanced through creating enabling structures, promoting internal exchange, adopting a learning approach to strategy, robust and integrated information systems, enabling culture that promotes flexibility, openness, experimentation and creativity among members and effective learning.

2.4.5 Organizational Structure

According to Greenberg (2005) organizational culture refers to the formal configuration between individuals and groups with respect to allocation of tasks, responsibilities and authority within organizations. Carnall (2007) cites Chandler's (1962) study that argued that successful organization structure had to be consistent and aligned to the strategy. Similarly, Buchanan and Huczynski (2010) assert that an organization's structure usually changes with changes in its strategy, size, environment, technology, globalization and diversification. The contemporary trend among most organisations is adoption of flatter, flexible and agile structures as restructuring becomes an ever present phenomenon in today's organizations (Cameron & Green, 2012).

2.5 Summary

This chapter has explored and reviewed the three theories underpinning the study namely: resource based view; dynamic capabilities theory and open systems theory. It has further reviewed three models of strategic change management notably: Lewin's three step model, Bridges' model of transitions and Kotter's eight stages model of change management. Besides it has reviewed and discussed the five key factors influencing strategic change management namely: organization structure, organization culture, management behaviour, power and politics and organizational learning. The review of theoretical foundation of study and appraisal of strategic change management models contributes to positioning of the research study to understanding of existing knowledge of strategic change management practices and the critical success factors of strategic change management.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design used the research study. It seeks to explain the justification and rationale behind the choice of research design, data collection instruments, methods of data collection and how the data was analysed and presented to generate findings of the study.

3.2 Research Design

The research design adopted for this study was a case study. According to Blumberg, Cooper and Schindler (2008) a case study refers to a research strategy for undertaking research which involves full and detailed empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. This was appropriate in order to help the researcher to take a broader and deeper view of a research problem and shed light on the phenomenon from multiple perspectives in order to gather possible explanations for theory building and development. The unit of analysis in this investigation was East African Breweries Limited, Kenya.

3.3 Data Collection

Data sources for the study included both primary and secondary data related to the study in order to assure research study data validity and reliability by helping compensate the weakness of one data source with the strength of the other as well as to help in finding common themes in order to reach consistent conclusions, answer research question and support or disapprove a particular theory (Blumberg, Cooper & Schindler, 2008; Bryman, 2012; Muganda, 2010). The study targeted eight senior managers of EABL, Kenya who are considered to be resourceful in availing the required data since they are directly involved in the formulation, choice and implementation of strategic change in the organization. Primary data was collected using a semi structured interview guide from eight top management team members of EABL, Kenya across all the departments to aid in consistency and uniformity of data collection and analysis. These senior managers were heads of departments of finance, human resources, marketing, sales, operations, supply chain, information systems and customer service. The Interview guide consisted of two sections. The first section, the section was aimed at collecting data related to strategic change management practices adopted at EABL, Kenya and the second section was concerned with gathering data related to factors influencing strategic change management. The interview guide comprised of open ended questions to allow greater depth and breadth of insights and responses on strategic change management practices. Secondary data was be collected from various publications about the organization such as company annual financial reports, company website, company newsletters, books, magazines, newspapers, industry publications and webpages.

3.4 Data Analysis

The data collected during the study was analysed using content analysis .According to Bryman (2012) content analysis is a systematic and objective technique used to analyse documents and texts that seeks to quantify content in terms of predetermined categories and in a replicable manner. The content analysis method was adopted due to its unobtrusiveness and its high flexibility capability which enables it to be applied to different kinds of unstructured textual information. The unobtrusiveness of content analysis means that the method is not prone to reaction on the part of those being studied due to the fact that they are research participants and as such is free from participant error.

Content analysis was used to analyse data obtained from respondents against known strategic change management models in order to determine and elaborate the strategic change management practices as well as factors influencing strategic change management at EABL, Kenya. Data was classified, coded and analysed on the basis of common themes to reach conclusions.

3.5 Summary

This chapter has discussed and justified the rationale behind the choice of case study research design strategy in undertaking the research study at EABL, Kenya. The sources of data for the study included not only primary data sources but also secondary data sources in order to triangulate and corroborate data and enhance research reliability. The collected data was coded and analyzed using content analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of the data collected from the field. Content analysis was used in the study to gather systematic insights, trends and patterns from the responses of participants.

Data was collected through personal in-depth interviews with seven senior managers of East Africa Breweries Limited out of the target of eight respondents, representing a response rate of 87.5%. According to Mugenda and Mugenda (2003), a research study data reliability is assured by a response rate greater than 80%. The objectives of the research study was to investigate the strategic change management practices and critical success factors of managing strategic change at East African Breweries Ltd.

4.2 Strategic Change Management Practices at EABL

All respondents unanimously agreed that they were aware of the initiation of strategic changes at EABL mostly driven by the top management team in the past five years. The participants listed the common major strategic changes as change in organization's corporate logo, change in organization's strategic vision and restructuring. Most respondents indicated that EABL adopted a top-down strategic change process. According to interviewees, the top management team was responsible for crafting the firm's strategic vision. They further confirmed that the firm adopted a blend of planned strategic approach and emergent strategic change approach in order to optimize on success rate of strategic change initiatives due to time span variations between the time the change vision is created and the change execution period as well as to fit the dynamic realities on the ground. Most respondents also indicated that top management team undertook a strategic change management risk matrix profiling to mitigate against the risks of change failure and improve the strategic change implementation success rate through categorisation of probable foreseen risks as major, minor and medium and coming up with relevant mitigation measures.

Participants were split on the process of implementing strategic change with some indicating the use of champions throughout the levels of organization's hierarchy to gain buy in and others indicating that the involvement of middle managers in the majority of the strategic change process facilitated the success. Majority of the participants indicated that the strategic change process was conducted by both executive committee and external consultants in order to cushion against the risk of subjective strategic diagnosis attributable to personal judgements and blind spots.

Most respondents indicated that there was a Strategic Change Project Committee (SCPC) that was formed to lead and manage the implementation of strategic change. The participants confirmed that the strategic change project committee was given direct support and express Statement of Authority (SOA) by the Group Chief Executive Office (GCEO) to implement the mandated strategic changes in the organization with clearly defined timelines and milestones.

Participants noted that after top management formulation of strategic vision, middle level managers were involved in aligning their functional strategies to fit the overall corporate vision. The middle level managers then required the frontline managers to align the functional strategies into area-specific and relevant strategic changes in support of the overall business ambition. Failure to involve frontline managers in the strategic change formulation process and their lack of change leadership competencies was cited by participants as the greatest contributor to the sub-optimal performance strategic change results and delays in implementation.

The majority of respondents identified the driving forces necessitating strategic changes at EABL as increased government regulation of the brewing industry in Kenya, high taxation of alcoholic beverages, increased competition on beer and spirits categories, high production costs and sustainable profitability motives. Most respondents further expounded that EABL's strategic changes were mainly based on its ambition of creating the best performing; most trusted and respected consumed products company in Africa.

According to EABL's Group Chief Executive Officer, Mr. Charles Ireland, the firm's value creating and value maximizing ambition is anchored on six key priority objectives namely: strengthen and accelerate our premium core brands, win in reserve in every market, innovative at scale to meet new consumer needs, build and then constantly extend out advantage in route to consumer ,drive out cost to constantly invest in growth, and guarantee our plans with the right people and capabilities (EABL, 2015).

All respondents were unanimous that strategic change was cascaded down from the top to the bottom of the organization structure through various modalities namely: monthly town hall meetings, weekly departmental meetings, weekly team meetings, weekly managing director's bulletins, staff conferences, staff intranet and emails and weekly newsletters. Employees' views and buy in to strategic change was indicated to be achieved and incorporated through employee engagement forums, team building sessions, 360 degrees feedback, annual value surveys as well as through trainings and workshops. Further, interviewees indicated that the consistent and open employee engagement sessions on the reason for change as well as public recognition and rewards for exemplary employees embracing change were key catalysts to gaining commitment to strategic change and driving excitement, passion and adoption of changes.

Besides, participants further explained that line manager staff partnership for strategic change was facilitated through adoption of on-going, more-for-more annualised performance management framework, empowering employees to take business risks and learning from mistakes and adoption of a culture of continuous improvement in order to justify the gains to the employees of implementing the changes and the celebration of key milestones achieved by employees on a quarterly basis.

Most respondents noted that the annual goal setting process was a partnership between the employees and their line manager entailing the setting of stretch annual goals whose level of attainment was jointly tied to the employee's graduated annual reward structure so that high performance by the employees was commensurately rewarded with high pay increment at the end of the year and vice versa.

Participants were unanimous that the firm instituted employee recognition programs for achievement of short term targets such as bonus schemes, Employee Share Ownership Scheme (ESOS), cash rewards, promotions to higher working grades, functional head monthly meritorious awards, employee of the month awards and selection to join future leaders talent pool.

Most participants indicated that the firm regularly monitored the implementation of strategic changes through monthly business reviews and quarterly business reviews by top management team & SCPC. However, participants noted that the restructuring process of 2014 that saw 100 employees leave the business was aligned to the firm's strategic ambition of sustainable value and volume based share growth.

These motivation schemes for change, regular consultations and engagements with employees, weekly tracking of strategic change objectives achievements using colour coded dashboards were indicated by participants as the fundamental drivers for sustaining of the trajectory momentum for change and avoidance of strategic drift from the desired future state.

However, most participants opined that the firm's strategic change audit showed that it did not have the appropriate portfolio mix of the capabilities required to deliver the long term business strategy. Therefore, the participants noted a raft of action plans had been put into place to enhance the success rate of the implementation of the firm specific strategic vision namely : launch of people manager development program biased on training people managers on breakthrough coaching, inspirational leadership and leading strategic change, heavy investment in capital expenditure including sales force automation, distribution management systems, re-organization of the business units, launch of new to world brands and launch of cultural transformation framework and route to consumer project, launch of license to sell and license to coach certification and accreditation programs. All the participants were of the opinion that disciplined implementation and accountability across the organizational hierarchy were critical ingredients to successful strategic change execution in the firm.

All participants were of the opinion that the firm used a multiplicity of strategies to drive strategic change implementation such as; trainings, workshops, conferences, meetings and seminars with affected stakeholders, continuous and regular communication, involvement of affected stakeholders and feedback from affected stakeholders, Continuous engagement with stakeholders , use of change champions throughout the organizational structure and senior management support.

4.3 Factors Influencing Strategic Change Management

Most respondents indicated that the following were the most important factors influencing strategic change.

4.3.1 Leadership

Most respondents opined that participative and supportive leadership is key in influencing positive behaviour change amongst employees as well as gain internal alignment with stakeholders during the implementation of strategic change. Besides, the interviewees noted that leading with edge whilst focused on strategic change outcomes as key leadership skills required in driving phenomenal transformational They further indicated that effective coaching for performance, emotional awareness, deepening of relationships with employees, mentorship and provision of candid and authentic feedback to employees during the strategic change process played a key role in addressing employees fears and concerns as well as deepening the trust for change while simultaneously providing a fertile ground and conducive environment for strategic change to take place.

4.3.2 Organizational Culture

Respondents unanimously indicated that organizations cannot expect to yield optimum results if they are to continue doing things with their existing ways of working. They further opined that organization's culture needs to be adaptive to environmental dynamism. Besides, respondents, indicated that the firm's organization culture was changing. EABL's symbolic corporate identity change was unveiled on 21st June 2012 to symbolise a bold departure from the past 90 years and to adopt a bold and aggressive posture. EABL's logo was changed from the sunset gold and black heritage since 1922 to a new corporate identity logo, donning green, maroon and grey colours signifying a culture of simplicity professionalism, passion, pride and great fun (EABL, 2012).

4.3.3 Power and Politics

Respondents shared mixed responses on how power and politics influences strategic change management. On the other hand, respondents opined that empire building and operating in silos were detrimental to execution of strategic change whereas on the other hand respondents argued that power and politics mechanisms were healthy feedback for fine tuning and adapting strategic change to make it succeed for the best interests of present and future stakeholders.

4.3.4 Organizational Structure

Respondents unanimously agreed that strategic change execution success largely depends on how the organization structure supports the strategic changes. Respondents opined that a firm's organization structure is never static and is usually reconfigured to facilitate the transition to the organization's desired future state ambitions. Majority of respondents were happy that the restructuring process of 2014 was conducted in a humane and professional way and every effort was made to guide, counsel and send off the affected employees through the use of professional career counsellors and line managers personal engagement and support as well as provision of pre - retirement training workshops ahead of the redundancy notice expiry period.

4.3.5 Organizational Learning

Most respondents, considered that achieving transformational and trajectory performance which not only guarantees the firm to continue to meet the interests of present stakeholders but also future stakeholders requires a radical and robust approach in the way the organization shared and transmitted best practice knowledge whilst simultaneously facilitating the germination and growth of the seeds of creativity and innovation amongst employees in order to outperform competition. All respondents indicated that the firm supported the open sharing of best practice success stories and initiation of intranet based forums for sharing ideas.

4.3.6 Stakeholder Engagement

Most respondents indicated that the other factor that was crucial in influencing the successful management of strategic change was stakeholder engagement. Participants were unanimous that consistent involvement, consultation, collaboration, communication and participation of relevant stakeholders will assure minimization of resistance to strategic change and create commitment and buy in the organization change.

4.4 Discussion of Findings

This section looks at how the findings of the study relate to existing theory as well as makes comparison of the findings with empirical studies that have been carried out in the past in the area of strategic change management. The comparison is done to help highlight areas of convergence and divergence with existing empirical studies and existing theory.

4.4.1 Comparison with Theory

Johnson, Scholes and Whittington (2008) posited that strategic change is both planned by top managers and linked to the contextual and operational aspects of the organization. This is consistent with the findings of this study that not only strategy change formulated at the top management level but also that flexibility and adaptation was allowed at the implementation level in order to drive stakeholder empowerment, creativity and ownership. It was noted that people implementing strategic changes were better informed on the context within the best strategic change. Besides, the findings of this study revealed that strategic change is both planned and emergent.

The study found out that top management and external consultants undertook organizational diagnosis & formulated strategic vision for change and the SCPC implemented the strategic change throughout the organization. Further, this study revealed that threat of new competitors entering the brewing industry, increased governments legislation and high taxation of the brewing industry products were noted as key external forces that highly necessitated the need for strategic change at EABL. These findings support the open systems theory that argues that organizations are influenced by the external environment in which they operate and are also mutually interdependent with other members of the environment.

According to Armstrong (2012) RBV proponents advocate for optimized deployment of the organization's unique portfolio of heterogeneous resources and capabilities to fit the environmental opportunities in order to create superior value for stakeholders. This study established that EABL's strong distribution network, superior leadership talent, good financial resource base, rich organizational culture and state of the art brewing facilities were the key enablers that contributed to the firm's proactive and reactive defence of the Kenyan brewing market share and gaining of competitive advantage.

EABL has a strategic vision and ambition with clear objectives and milestones, budgets, capabilities and resources as well as short term and long term targets to be achieved. The EABL ambition has necessitated the corporate identity change and culture change in order to tap into present and future market opportunities. The launch of people manager development program, restructuring and heavy capital expenditures were all strategic mutually integrated and interdependent initiatives geared at developing future, organizational capabilities whilst being embedded in the existing organizational capabilities. This strategic change approach supports the dynamic capabilities theory whose proponents advocate for reconfiguration of the organization's capabilities and resources to fit the dynamic external environment.

4.4.2 Comparison with Other Empirical Studies

This study found out that strategic changes at EABL arose from strategic diagnostic audit initiated by top management, and then were driven by a Strategic Change Project Committee (SCPC). The role of SCPC was to scout and court for ambassadors for change throughout all the levels of the organization in order to mitigate the risks of change failure and resistance as well as attendance business costs associated with change failure. This research study finds that the appointment of core SCPC supports Kotter's (1996) eight stages model of change management that advocates for the creation of a powerful guiding coalition from the start of launching large scale organization wide change transformation efforts in order to improve its success rate.

This study found that the need for appointment of change champions throughout the organization was to generate support for change as affected stakeholders would easily connect with one of their own introducing the changes as well as to overcome the psychological and emotional fears that naturally are associated with changes. This finding supports results of studies done by Bridges and Mitchell (1991), Kotter (1996) as well as Beer and Nohria (2000) who pointed out that successful change management requires psychological and emotional connection with affected people in order to cause lasting people behaviour. Indeed, for strategic change in organizations to happen, it is people that have to change first.

The results of the study pointed out that stakeholders engagement and communication throughout the strategic change implementation process was a critical success factor keeping stakeholders who are likely to be affected by strategic changes informed through emails, town hall meetings, company intranet, weekly newsletters and line managers communication as well as educating them on the reason for the changes and retraining them to adopt to the changes were strategic measures put in place to diffuse rumour mills and second guessing associated with communication gaps that is likely to fuel negative energy and resistance to change. These results are consistent with Stoyanova's (2011) study which concluded that consistent line manager personal communication to direct reports facilitates effective strategic change management.

This study found out that the following factors are the key determinants of successful implementation of strategic change; leadership, organization culture, stakeholder engagement, organizational structure and organizational learning. These results corroborate with Kariuki's (2010) study on the factors influencing strategic change at cooperative bank of Kenya which concluded that organization culture, strategy and organization structure were the key determinants of strategic change. Besides the studies support Kotter's (1996) study that noted that for change to be successful and sustainable it needs to be anchored on the organization culture.

4.5 Summary

This chapter provided an analysis of data as well as discussion of research findings in relation to areas of consistency and inconsistencies with existing theories and existing empirical studies. The findings of the study were found to be consistent and in support of dynamic capabilities theory, open systems theory and resource based view theory. Further, EABL, Kenya adopted not only a top-down strategic change management approach but also embraced both planned and emergent change management approaches.

The findings of the study also supported empirical studies done by Bridges and Mitchell (1991), Kotter (1996) and Beer & Nohria (2000) which advocated for people-oriented strategic change approach in order to improve success rate of strategic change initiatives. Besides, the critical success factors in strategic change management arising from the study were: organizational structure, organizational learning, organizational culture, leadership and stakeholder engagement.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

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

5.2 Summary of Findings

5.2.1 Strategic Change Management Practices at EABL

The first objective of the study was to determine the strategic change management practices at EABL, Kenya. The findings of the case study conducted at EABL revealed that a top-down strategic change approach initiated by top management was adopted. Besides, a strategic change project committee with senior management support and expressly defined statement of authority was charged with the day to day implementation of strategic change in the organization. Further the study found out that externally oriented drivers of change notably increased government legislation, increased taxation, escalating production costs and competitor threats were the key drivers and motivations for the initiation of strategic change in the organization. To guarantee sustainability and survival of the firm the long term, the firm's top management to crafted a galvanizing , aspirational and compelling vision of becoming the best performing, most trusted and respected consumer goods company in Africa.

The findings revealed that change agents adopted a people oriented approach to strategic change implementation. This was supported by respondents unanimous views that consistent communication and engagement of employees via company intranet, emails, in-house newsletters, weekly briefings, town hall meetings, use of change champions and line manager catch up meetings helped mitigate and diffuse the destructive tension, stress and rumours associated with communication gaps and mistrust of changes.

The research study anchoring showed that anchoring changes on organization culture, involvement of stakeholders, use of rewards and recognition as well as education and training of affected stakeholders on planned changes were the commonly adopted strategies of positively reinforcing behaviour change in the organization amongst affected stakeholders.

5.2.2 Factors Influencing Strategic Change Management

The second objective of the study was to investigate the key factors that were critical in influencing successful implementation of strategic change. The backfiring or failure of strategic changes can put an organization's top management on the spotlight due to huge financial costs associated with making strategic change errors. Thus, change agents need to proactively adopt a human behaviour change oriented approach in launching strategic changes in order to improve the success rate of those initiatives as this study found out. Essentially strategic changes are geared towards long-term improvements of the organization's productivity, efficiency and effectiveness while simultaneously improving the welfare of all organization's stakeholders.

The study found out that key factors that are critical in influencing in leadership successful strategic change transformation were leadership, organisational learning, organization culture, organization structure and stakeholder engagement.

5.3 Conclusion

Organization's initiate robust strategic changes in order to adapt to external environmental threats and opportunities as well as deliberately achieve long term sustainable competitive advantage. The obsession with single-minded focus on attainment of organizational goals while simultaneously ignoring and jeopardizing employee interests in the implementation of strategic changes is doomed to failure. This study found that EABL adopted a balanced approach in implementing strategic change by not only driving shareholder interests on the one hand but also driving employee interests. This was supported by investment in people development being matched with investment in capital expenditure. The study revealed that senior managers were responsible for crafting strategic changes and a strategic change project committee was responsible for implementation with support from the executive team. The study revealed that the critical success factors in implementing strategic change are: organizational culture, leadership, organization structure, organizational learning and stakeholder engagement.

5.4 Recommendations

The integration of formulation of strategic changes with strategic change implementation choices is critical in assuring success in strategy execution. However, given that strategic changes are initiated to guarantee long-term organizational competitive advantage, the ever-present turbulent business environment dictates the adoption of agility and flexibility in strategic changes implementation due to environmental dynamism. Besides strategic changes needs to be informed and anchored to the environmental realities of the day. Moreover, the involvement, engagement and negotiation of strategic changes with affected stakeholders early on from the formulation stage drives buy in and critical mass support in the success rate of the changes and thereby reduces the costs attributable to making strategic change errors and dealing with resistance to change.

From a theory and practice perspective, change agents need to adopt both bottom-up and top-down strategic change approaches. The balance of both options in utilization is context dependent and it is upto to change leader's awareness to adopt the appropriate mix of the two options that will guarantee the creation of a conducive and optimistic climate for strategic changes to thrive.

5.5 Limitations of the Study

It was challenging at times to get departmental heads appointment due to their busy schedules. This contributed in delays in getting data from the field. This study relied on in-depth interviews and discussions with respondents at EABL as a case study and hence the findings might not be generalizable as different organizations might adopt different approaches of strategic change management practices.

5.6 Suggestions for Further Study

The study recommends further research be conducted amongst companies operating in the brewing industry in Kenya in order to get comprehensive and intensive information on strategic management practices and critical determinants of successful strategic change management. The study further recommends further research should be done on the effect of strategic change management on the performance of consumer packaged goods in Kenya.

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APPENDICES

Appendix I: Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

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

P.O. Box 30197
Nairobi, Kenya

DATE 24/09/2015

TO WHOM IT MAY CONCERN

The bearer of this letter MICHAEL MUTUKU MAUNDU

Registration No. D61/60723/2013

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

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

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

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
24 SEP 2015
P.O. Box 30197 – 00100, NAIROBI

for PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix II: Interview Guide

This interview guide is developed to collect information concerning the management of strategic change at EABL Kenya. Your answers to the questions will remain anonymous and strictly confidential and will only be used for academic purposes.

Section 1: Strategic Change Management Practises at EABL Kenya

1. Are you aware of any strategic changes that have taken place at EABL in the past 5 years?
2. If yes to 1 above, what were these major changes?
3. What forces necessitated the changes at EABL?
4. Were these major changes planned or emergent? Please explain.
5. How was sense of urgency created amongst employees to gain ownership and cooperation towards the change process?
6. How was vision and strategy for change developed and how was it communicated to all stake holders?
7. What were the strategic objectives of the strategic change?
8. Who initiated the strategic change in the organization?
9. Who were involved in the strategic planning and implementation process?
10. How was the strategic change process carried out in the organization?
11. What strategies did the organization utilize to drive the strategic change implementation process?
12. In your opinion, was there a project team responsible for implementing the strategic change?

    If yes, what were their duties, responsibilities and powers?
13. What policies systems or structures were put in place to facilitate the strategic change?
14. What the short term milestones and goals set to track the journey of strategic change implementation?
15. Were there any workshops, trainings, seminars or meetings with affected stakeholders to gain by-in to the strategic change?

16. How did top management indicate their support to the strategic change process? Please explain.
17. Did you have any forms of rewards and recognition for those employees who achieved short term targets? Elaborate and specify the rewards.
18. In your opinion, were there regular updates from top management on the change management process? If yes, how often?
19. What measures were put in place to ensure that the strategic change momentum was achieved and maintained?
20. What actions were put in place to ensure that the strategic change was institutionalized?

Section 2: Factors Influencing Management of Strategic Change at EABL

21. In your opinion, what role do the following factors play in influencing the successful management of strategic change at your organization?

a. Organization culture

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b. Power and politics

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c. Organization structure

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d. Organizational learning

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e. Leadership

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22. What other factors influenced the management of strategic change at EABL? Please explain.

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Thank you for your time and contribution to this study