

**STAKEHOLDER INVOLVEMENT IN STRATEGIC CHANGE
MANAGEMENT PROCESS WITHIN THE INSURANCE INDUSTRY
IN NAIROBI, KENYA**

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DECLARATION

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

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This research project has been submitted for examination with my permission as superior.

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To my family, your support and kindness was overwhelming. Thank you for having faith in me. Finally, I thank the Almighty God for the life and strength he gave me. His protection has seen me through trying moments.

DEDICATION

To my family my Dad Patrick Njau, Mother Alice Njambi and finally my sister Peris Wanjiku. It is through your support, prayers and selfless assistance that this was possible. I will forever remain indebted to you all.

ABSTRACT

Strategic change and its management form key in the long term survival of insurance industry in Nairobi, Kenya. Given the turbulent environment in which organizations are operating today, they have no option but to identify and adopt the necessary changes to survive. Management of strategic change is a method, or process of facilitating change and development in culture, structure, process, people and technology in use, leadership styles and even the physical aspects of the work environment.

The main objective for this study was to investigate the stakeholders' involvement in strategic change management process. The study relied on primary data was collected through administering a structured questionnaire comprising closed and open-ended questions, developed in line with the objectives of the study. The studies seek responses from heads the 45 insurance companies in Nairobi, Kenya owing to their experience and participation in training. . On receiving the questionnaires, the data collected was checked and edited to ensure completeness, consistency, accuracy and uniformity. Data analysis was conducted using descriptive statistics, which usually includes measures of central tendency, measures of variability, measures of reliability and frequency among others.

From the study, it is clear that, strategic change and its management is important in the long term survival in the insurance industry and stakeholders are important in the process. This study sought to identify stakeholders involvement in management of strategic change at the Insurance industry in Nairobi.. The study will aid management developing, strategic change management practices adopted by the Insurance industry in Nairobi in their change program and to determine the factors affecting change management process at Insurance industry in Nairobi. The study concludes that Senior management and middle level manager's implemented strategic changes in the organization as strategic changes were crafted at the top level of the management. Organization carried out changes either gradually or at once or in a continuous manner depending on the type of change. Furthermore environmental scanning for threats and opportunities, time of change, Power and politics management, greatly enhanced the importance of change in the organization.

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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenya Insurers
IIK	Insurance Institute of Kenya
IRA	Insurance Regulatory Authority

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Management of strategic change is a method, or process of facilitating change and development in culture, structure, process, people and technology in use, leadership styles and even the physical aspects of the work environment. The strategic change process should aim at successful implementation of strategy. Successful implementation of strategy involves putting the strategy in place and getting individual and organization submits to go about executing their part of strategic plan (Thompson; Strickland and Gambler, 2008). In order to remain competitive in the long term, enterprises are compelled to undertake complex changes with increasing speed, efficiency and success. Strategic management though often used as a generic term to describe the process by which managers identify and implement their organizations strategy, it was originally applied only to quantitative, mathematical approaches to strategy (Burnes, 2004).

According to Johnson et al. (2008), strategy is the process that matches resources and activities of an organization to the environment in which it operates. They argue that a strategic fit, which involves developing strategy by identifying opportunities in the environment and adapting resource and competencies so as to take advantage of them is essential and must be maintained at all times for organizational success. Strategies are influenced by the values and expectations of players in and around the organization and the extent of the power they exert. The culture within and around the organization also influence its strategy.

1.1.1 Concept of strategic change management

According to Mintzberg (1994) change management is the process of introducing controlled change in an organization. The intention behind a change control process is to evaluate the risk, at end-user level, against the urgency and importance of the change. Organizations must establish a specific change control process for every type of change and consider a procedure specific to rapid and emergency changes. The creation of these processes must involve several interest groups. Successful change management is not only a matter of skill and expertise, but also a question of where the team draws its support from company hierarchy.

Strategic change can be defined as a difference in the form, quality, or state over time in an organization alignment with its external environment is the “fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives (Van de ven and Poole, 1995). Changes in this strategic alignment encompass a change in the content of a firms strategy as defined by its scope, resource deployments, competitive advantages and synergy (Hofer and Schendel, 1978). Secondly changes in external environment and organization brought about to initiate and implement changes in the content of strategy. The common aim of all these strategic change concepts is to supply managers with better recipes for how to deal best with impending changes and problems which arise. Whether it is re-engineering, total quality management, restructuring or whatever other re-organization program, the aim is almost to initiate or promote the required change processes in the company (Pfeifer and Bisenius, 2002).

In the last two decades most businesses globally have been undergoing drastic transformations in their environments. Industries currently in the throes of these upheavals include telecommunications, airline and trucking, transportation, health care, chemicals and pharmaceutical and financial services in general. In each of these settings rapid and radical environmental changes are restructuring industries, relocating their boundaries and changing the bases of competition. In particular, the influence of technological, socio- economic and regulatory changes and the subsequent globalization process has been a threshold in the evolution of competitive structure in these industries in relation to the previous decades, mainly in the 1950's, 1960s and the greater part of the 1970s. Throughout the previous period of relative environmental stability, the interest of scholars and businessmen was dominated by a focus on the potential explanatory factors of organizational success and growth (Peters and Waterman, 1982).

1.1.2 Stakeholders Involvement in strategic change management

The idea of stakeholders management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. The central task in this process is to manage and integrate the relationships and interests of stakeholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm. A stakeholder approach emphasizes active management of the business environment, relationships and the promotion of shared interests (Freeman and McVea, 2001).

Stakeholders are people and organizations who have some form of interest in the change, whether they are the targets of the change, managers or other interested parties. Stakeholders comprise of governments, local authorities and state corporations, development partners, consumer advocates, customers/ clients, competitors, media, employees, environmentalists and suppliers. A lack of stakeholder's management involvement is one of the key reasons why change processes fail, so understanding them and ensuring they are addressed in all plans and activities is a critical activity. It is important to manage stakeholders in change. In doing so, one of the things required is to segment stakeholders according to their needs, their importance and how handle to them. In this process there are sponsors to the management change. These are people or organizations with power and have a direct interest in the change process (Freeman, 1984).

The imperatives of professionalism, specialization, scale, geography and delivery to customers require those managing corporate organizations to divide them up. Thereby, directorates, divisions, groups, units, 'strategic business units' and 'spin- offs' are created. In practice this is further complicated by the many 'partnership', joint ventures and out-sourcing relationships. Thus the management of change requires the 'management of boundaries' both internal and external. All stakeholders need to be engaged, made aware of their contribution to the changes, aware of the processes of reporting, have access to that process and be capable of being called to account within that process (Carnall, 2007).

Stakeholders oriented strategies starts with identifying the company's key stakeholders and then defining their characteristics which will determine the type of relation the company should build with them. Typical stakeholder relationships include: participative (Stakeholders involvement in decision making), advisory (stakeholder's involvement as reviewers or advisors), collaborative (stakeholders complementing specific capabilities), informative (stakeholders involved in one or two way communications), and defending (intelligence response, negotiation). Organizational and networking strategies provide a common context that guides the formulation of unified strategies for knowledge and stakeholders management (Katsoulakos and Katsoulacos, 2007).

1.1.3 The Insurance Industry in Kenya

The main players in the Kenyan insurance industry are: insurance companies, reinsurance companies, insurance brokers, insurance agents and the risk managers. The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance. There is also self regulation of insurance by the Association of Kenya Insurers (AKI). The professional body of the industry is the Insurance Institute of Kenya (IIK), which deals mainly with training and professional education. Recently there was formed the Insurance Regulatory Authority (IRA) mandated to supervise and regulate the insurance industry players. According to the (AKI) Insurance Industry Report for the year 2006, there were 43 licensed insurance companies in 2006 with 21 companies writing general insurance, 7 writing life insurance while 15 were composite. There were 197 licensed insurance brokers during the year.

The gross premium written by the industry was KShs 41.68 billion compared to KShs 36.42 billion in 2005 representing a growth of 14.54%. The gross premium from general insurance was KShs 29.20 billion while life business premiums and pensions contributions amounted to KShs 12.48 billion. The gross profit before tax rose from KShs 4.32 billion in 2005 to KShs 5.80 billion in 2006 representing a growth of 35%.

Insurance business can broadly be classified into general and life. Despite this classification the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. According to the Kenya Insurance Survey, (2004), the General insurance industry in Kenya is mainly driven by four main lines of business: Motor- Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident. The life insurance industry is mainly driven by two main lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration. The Survey revealed that the General insurance business is facing two major challenges. The first challenge is to come up with a solution for companies whose viability is threatened by their inability to meet policy holder claims.

1.2 Research Problem

A stakeholder involvement in strategy should establish the objectives of stakeholder engagement through the plan preparation process and indicate how the involvement of stakeholders is achieved at each stage of the plan preparation/dissemination process. It should indicate how the process of policy making will be undertaken and transparency delivered. As part of delivering transparency, the strategy should be made publicly

available. The strategy should include the vision for stakeholder engagement and the details of purpose, players, methods and responsibility. Guiding principles include inclusivity, transparency, appropriateness, clarity and comprehensiveness (Wilson, 2000).

One aspect to be addressed in the production of the SMP is the means of engaging stakeholders to improve the efficiency and effectiveness of their involvement and to avoid disputes in the insurance industry in Kenya. Given the turbulent environment in which organizations are operating today, brought about by fast changing technology and a very competitive environment, these organizations have no option but to identify and adopt the necessary changes to survive. Bringing change is one thing while managing it is another. Thiga (2002) suggests that if change is poorly managed, resistance is likely to be higher than properly managed strategic change. Moving from a current state to a new state is not an easy task. Challenges abound with the most prominent being resistance by those who prefer the known to the unknown. The strategic change management approach adopted plays an important role in the success of the process. Culture and leadership determines the success or failure of change. On the Kenyan public organizations scenario, organizations undergo change on a regular basis with an overhaul in structure, mission, vision and operations. The business environment globally is dynamic and competitive. Organizations have to introduce strategic plans that align them with their changing environments time and again. It is on this premises that insurance industry in Kenya embarked on what can clearly be seen as incremental change program which given the responses, the market seemed to embrace positively.

Scores of Scholars have studied different aspects of strategic change management and other related activities. Key among those who have carried out such studies include Mbogo (2003), Nyamache (2003), Mutuku (2004), Ndope (2007), Nyororo (2007) and Kisinguh (2006). However, a review of all these studies shows that there is no empirical work done in the area of stakeholder involvement in strategic change management process, with the exception of the study by Kisinguh (2006), which addressed shareholders involvement in the strategic change management in public organizations. Thus the study of stakeholder's involvement in strategic change management at the Insurance industry in Kenya has not been undertaken therefore creating a knowledge gap which this study endeavors to fill. This research seeks to find out how stakeholders are involved at the Insurance industry in Kenya as it carries out the strategic change management practices. Therefore the study will answer the research question; what is the level of stakeholder involvement in strategic change management process within the insurance industry in Nairobi?

1.3 Research Objective

To establish stakeholder involvement in strategic change management process within the insurance industry in Nairobi, Kenya

1.4 Value of the Study

The findings from the study may particularly be useful in providing additional knowledge to existing and future institutions on the Stakeholder involvement in strategic change management process within the insurance industry in Nairobi, Kenya and provide information to potential and current scholars on critical success factors in Kenya. This

may expand their knowledge on Stakeholder involvement in strategic change management process within the insurance industry in Nairobi, Kenya and also identify areas of further study. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. To the current and potential scholars in the business field more especially those who have interest in critical success factors, the findings from this study may provide information to expand the one already that exists. The findings may also be of critical importance to those who have got interest of further studying the field because the researcher intends to give suggestions for further studies.

The debate on the use of research results for policy decision-making at the insurance industry on Stakeholder involvement in strategic change management process within the insurance industry is not new and the issue has gained greater prominence in recent decades. The findings from this study may therefore be of importance because they may have the capacity of being used to formulate positive national policies which are relevant and sensitive to the forces influencing the insurance sector in Kenya.

To the operating insurance firms in Kenya, the study findings may be of great importance because the identification of the extent at which the management of the insurance firm's has implemented the critical success factors in their operations was evaluated giving their strengths and weaknesses. Most importantly the findings of this study may help in enlightening the key decision makers in insurance sector limited in Kenya toward policies formulation and on how to successfully implement their strategies and how they could

purpose to mitigate the challenges facing it. The study may in addition to the above, be useful to stakeholders, financiers, and investors in formulating and planning areas of intervention and support.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section draws on literature in the area of change management practices highlighting the importance of adopting and maintaining appropriate strategic change management practices so as to achieve effective and efficient service delivery. Secondary material such as books, journals, and articles which carry previous research work on the study topic are analysed. These materials are of importance to this study as they form the basis for observations which will be made during the case study in line with the study aims and objectives.

2.2 Change Management Process

The process for change management and the actions that are part of a change management strategy are unique and specific to a particular organisation. Each organisation has unique requirements – their circumstance and resources differ, clientele and relationships are unique, cultures differ, and their aims, objectives and very ambitions may be different (Mitchell, 2002). Although change management strategies and considerations are unique there are many resources that an organisation can tap into to facilitate planning and the management of change – case studies, theoretical planning models, examples of existing plans and documents not to copy necessarily, but to be inspired by, or to adapt, and other practical tools.

Planning, implementing and managing change implementation in a fast-changing environment is increasingly the situation in which most organizations now work.

Dynamic environments such as these require dynamic processes, people, systems and culture, especially for managing strategic change successfully. Corporate cultures differ greatly between organizations. No two organizational cultures are the same. Therefore, a process for innovation that works in one organization will not necessarily work in another one. Transforming an organization or department into a more creative and innovative one involves strategic change. Organizational strategic change should not be conducted for the sake of change. Organizational strategic change efforts should be geared to improve the performance of organizations and the people in those organizations (Scanlan, 1999). Significant organizational change implementation occurs, for example, when an organization changes its overall strategy for success, adds or removes a major section or practice, and/or wants to change the very nature by which it operates. It also occurs when an organization evolves through various life cycles, just like people must successfully evolve through life cycles. For organizations to develop, they often must undergo significant strategic change at various points in their development. That's why the topic of organizational strategic change and development has become widespread in communications about business, organizations, leadership and management (Scanlan, 1999).

2.3 Strategic Change Management

Seen from a sociological perspective, strategy presents two distinct faces- on one hand; strategies serve to structure, organize and give meaning to the complex operations of business organizations. They determine what is produced, where it is sold and how it is marketed, how resources are paid for and how they are allocated. They provide stability and direction, and help firms to cope with the uncertainties of the business environment

(They shape the routines and discursive structures of an organization and, importantly, they are in turn shaped by these: strategies are recursively reproduced by the very practices they produce (Spender, 1989).

Organizations in different contexts are likely to emphasize different aspects of the strategic management practices. For some organization the major challenge will be developing competitive strategy, for others it will building organizational structures capable of integrating complex global operations, for yet others it will be understanding their competences so as to focus on what they are especially good at, and for still others it will be developing a culture of innovation strategic priorities need to be understood in terms of the particular context of an organization (Johnson, Scholes and Whittington, 2008).

Strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial that organizations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions.

According to Hill (2004) strategic change management is a process of moving on organization away from its present state towards some desired future state to increase its competitive advantage. They observe that most of the organizations have gone through some kind of strategic change as their management have tried to strengthen their existing core competencies and build ones to compete more effectively. Re-engineering,

restructuring and innovation have been the three kinds of strategic change pursued in the recent times. Strategic change aims at aligning structures, systems, processes and behaviour to the new strategy.

2.4 Stakeholders Involvement in Strategic Change Management

An important part of making change successful is to understand the stakeholders, who range from a janitor at the bottom of the tree to a chief executive officer of a multinational company. An underlying area into which to dig when exploring and understanding stakeholders are their driving interests. Interests include general areas and specific items that motivate people in a number of different ways. When considering stakeholders who are opposing the change, undertake a deep analysis of their personality to give you better ability to manage their opposition and convert them to the cause of the change (Wilson, 2000).

There is increasing support for a view of corporations and stakeholders- accountable organizations, that challenges what until recently has been mainstream managerial thinking (O' shannassy, 2003). The stakeholder concept and strategic management introduces the notion that organizations have stakeholders whose support is necessary for survival in a contingent phenomenon, dependent on a number of situation variables. In order for the stakeholders approach to strategic change management to succeed, the executives of the corporation must be involved in the explicit formulation of an enterprise strategy or a completion for a stakeholder audit (Freeman, 1984).

It should go without saying that top management support and involvement is necessary for the success of any strategic change management. However, this is especially critical to the success of a stakeholder approach. Though poorly developed from methodological standpoint, stakeholder's analysis and approach now belongs to the long list of virtues and catchwords reigning over the field of development. The origins of stakeholders' analysis, however, belong to the history of business and managerial science. This is reflected in the term "stakeholder" itself, apparently first recorded in 1708, to mean a bet or a deposit. Economic theory centred on notions of stakeholder's relations which goes back to the beginning of industrialization and is embedded in ideals of 19th century co-operative movement, and mutuality (Clarke and Clegg, 1998).

In the stakeholder theory, the modern organization must respond to the concerns of the various stakeholders in which it relates to, and in any event, must operate within the legal framework established by the moderate state (Carnall, 2007). Stakeholder theory reappears in business management discussions of the 1930's (Brugha and Varvasovszky, 2000) the word now refers to anyone significantly affecting or affected by someone else's decision making activity. The approaches to be used nowadays by firms and organizations is to factor in stakeholder interests in order to enhance the enterprises relationships with society and secure better prospects of financial success with the help of stakeholder analysis firm decisions can profit from views that go beyond the narrow interests of stockholders and shareholders investing in a business. Good stakeholder management develops integrated business strategies that are viable for stakeholders over

the long-run. While individual stakeholders may lose out on some individual decisions, all stakeholders remain supporters of the firm (Mockler, 1994).

2.5 Challenges faced by Stakeholders Involved in Strategic Change Management

Perhaps the two greatest challenges facing organisations today are leadership and change in management: recruiting, retaining and most importantly developing managers, and successfully managing organisational change (Burnes, 2004). What faces those charged with bringing about changes in organizations is much more of a mess than a difficulty. There is evidence to suggest that the universal, prescriptive model of change management is inadequate to describe the diversity of approaches actually used by organizations (Collins, 2005).

According to Lippitti (2007), when strategy fails to achieve expected results it is often because the strategy execution was flawed. The failure to execute is a major concern of executives because it limits organizational growth, adaptability, and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it. Lippitti (2007), stated that without coherent, aligned implementation, even the most superior strategy is useless. Unfortunately, most strategic planning efforts fail during this crucial phase wasting significant resources already invested.

2.5.1 Organizational Structure

According to Pearce and Robinson (2003), an organizational structure is the division of tasks for efficiency and clarity of purpose, and coordination between interdependent parts of the organization to ensure organizational effectiveness. Structure balances the need for specialization with need for integration. It provides a formal means of decentralizing and centralizing consistent with the organizational and control needs of the strategy.

Rantakyro (2004) states that, to implement the chosen strategies, there are many important decisions to make such as how to structure the company. The organizational structure has to support the intended change strategies. Structuring the organization involves decisions about how to coordinate activities, relationships, and communication among the internal stakeholders. The organization can be structured by focusing on functionality, products, markets, projects or cooperation.

2.5.2 Leadership

According to Boomer (2007), without a strong leadership in a professional firm, constructive change is not possible. Strategy is formulated at the top of the firm, but executed from bottom up. Thus, alignment within the firm is required in order to execute strategy. Majority of firms fail to execute because they do not focus resources on priorities and in majority of cases, employees have not been informed of the strategy.

Pearce and Robinson (2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution.

Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful change implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers.

The CEO is the catalyst in strategic management. He or she is most closely identified with and ultimately accountable for a strategy's success. In most firms, CEOs spend 80% of their time in developing and guiding strategy. The nature of the CEO's role is both symbolic and substantive in strategy implementation. First, the CEO is a symbol of the new strategy. His or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the on intensity of subordinate managers' commitment to the implementation process (Pearce and Robinson, 2003). According to Pierce and Robinson (2003), a key concern of top management in implementing strategy, particularly if it involves a major change, is that the right managers are in the right positions for the new strategy. Confidence in the individuals occupying pivotal managerial positions is directly and positively collated with the top management's expectation that the strategy can be successfully executed. Some of the characteristics to look out for include ability and education, previous track record and experience, personality and temperament.

2.5.3 Organizational Culture

Pearce and Robinson (2003), stated that, culture is a set of important assumptions (often unstated) that members of an organization share in common. These shared assumptions (beliefs and values) among members of an organization set a pattern for activities, opinions and actions within that firm. The important assumptions are sufficiently central to the life of an organization so as to have a major impact on it.

Culture can be both a strength and weakness in change management practices. It's strength because it eases and economizes communication, facilitates organizational decision making and control, and may generate higher levels of cooperation and commitment in the organization while managing change. This results in efficiency and effectiveness of change implementation. A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2002), social processes can also create rigidities if an organization needs to change their strategy. Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture, (Pearce and Robinson, 2003).

According Johnson and Scholes (2002), within any organizational structure, what makes organizations work are the formal and informal organizational processes. These processes

can be thought of as controls on the organizational operations and can therefore help or hinder the translation of strategy into action. Processes range from formal controls (systems, rules and procedures) through social controls (culture and routines) to self-controls (personal motivation of individuals). According to Pearce and Robinson (2003), the structure is not the only means of getting things organized to implement a strategy. Reward systems, planning procedures, information and budgetary systems are other examples that should be employed.

2.5.4 Resistance to Change

According to Hutton (1995) managing change is so difficult because organizations resist change initiatives, frustrating manager's efforts to accommodate new environmental pressures. Unfortunately, there is a vast difference between knowing that resistance might occur and understanding where and why it will emerge. In the words of one executive, "change efforts never die because of direct confrontation. Direct confrontation you can work with because it is known. Rather, they die a death of a thousand cuts. People and issues you never confront drain the life out of important initiatives and results in solutions that simply do not have the performance impact that they should have". Resistance is so difficult to diagnose and confront because it usually emanates from the two sources, an organizations culture and its informal structure, which are most difficult to see. These forces influence the success of change initiatives in dramatic but invisible ways.

According to Ansoff (1990) resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instability into the change process and practice. Resistance can either be behavioural or systematic. Behavioural resistance is exhibited by individuals, managers or groups. Because of parochial self interests, misunderstanding and lack of trust, differences in assessment, or low tolerance to change individual or groups may resist change. To overcome this problem there is need for those managing change to understand the needs of employees and also for employees to understand the change plan.

2.6 Summary

Organizations seeking successful change management in order to improve their performance need to carefully scan their environment, determine and lay down the best approach, realign the entire business, communicate and involve all who are affected, select and train the leaders, keep monitoring and evaluating performance to respond effectively.

Organisational change can lead to desired or devastating effects and have adverse effects on the organization, employees and customers. As Kotter (1996) notes, change efforts have actually helped some organizations adapt to shifts in the environment, improve their competitive standing and position themselves better at the market place. He however cautions that in various circumstances, change or improvement has been disappointing with results leading to appalling carnage, wasted resources, frustrated employees and burn out.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods that was be adopted by the study in obtaining information on the level of stakeholder involvement in strategic change management process within the insurance industry in Nairobi. The chapter also describes and explains the research instrument that will be used in the study. The chapter is thus structured into research design, target population, sample and sampling techniques, data collection and data analysis techniques.

3.2 Research Design

The research design that was used in this study was descriptive cross sectional survey method aimed at establishing the level of stakeholder involvement in strategic change management process within the insurance industry in Nairobi. This design is preferred because it allows for prudent comparison of the research findings. A descriptive cross sectional survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated.

3.3 Population

According to Trochim (2006), Population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target population of this study consists of selected top level managers from the 45 insurance company in Nairobi listed in appendix II.

3.4 Data Collection

The study relied on primary data was collected through administering a structured questionnaire comprising closed and open-ended questions, developed in line with the objectives of the study. The study seek responses from heads the 45 insurance companies in Nairobi, Kenya owing to their experience and participation in training.

The questionnaire was divided into two parts. Part A covered general information, part B focused on the level of stakeholder involvement in strategic change management process within the insurance industry in Nairobi. The questionnaire was administered through drop and pick method.

3.5 Data Analysis

The process of data analysis involved several stages: the completed questionnaires was edited for completeness and consistency, checked for errors and omissions and then coded. Data was analysed using descriptive analysis such as descriptive statistics mean scores and standard deviations frequencies distributions and percentages. The results were presented in table and charts.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the data analysis, findings, interpretation and presentation. The objectives of this study are to investigate, strategic change management practices adopted by the Insurance industry in Nairobi in their change program. To determine the factors affecting change management process at insurance industry in Nairobi. Where the data was analyzed using an analytical tool, presented by tables, pie charts and bar graphs and interpreted with frequencies and percentages. Likert-type findings were further processed to yield meaning interpretation using mean and the standard deviation. The target population of study will be 45 staff members of Insurance industry in Nairobi staff of different designation in Nairobi region. Sampling method will be used.

The chapter is organized into three sections where the first section is presentation of the demographic outlook of the respondents while the second one discusses the main objectives. The last section gives the conclusion of the objective findings in brevity.

4.2 Demographic information

The demographic information the target respondents was based on Gender of the Respondents, Age of the respondents, Level of education, and the length of time respondents have been working in the organization/department

Table 4.1: Gender of the Respondents

	Percent
Male	66.0
Female	34.0
Total	100.0

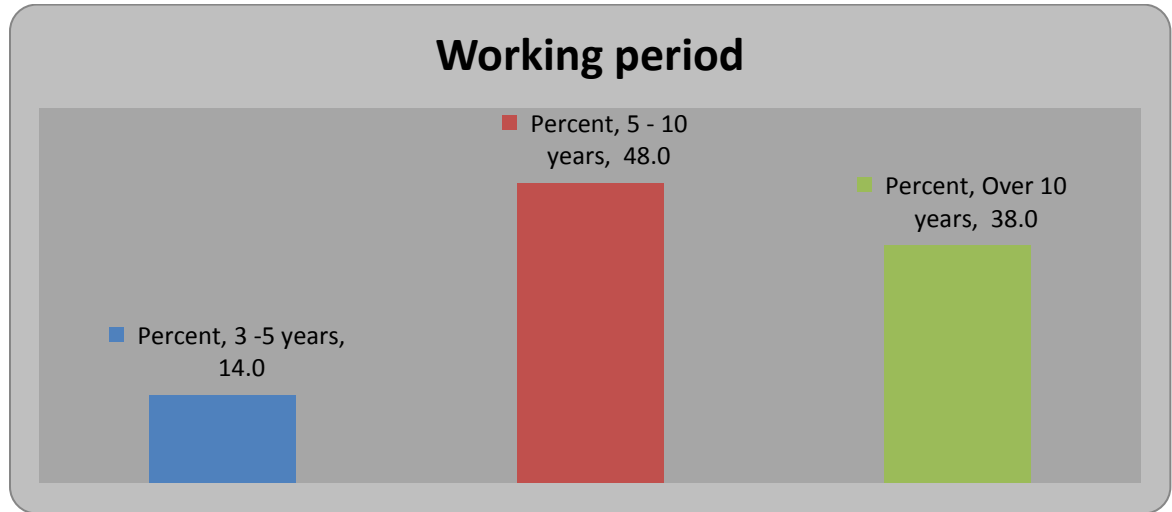
Table 4.1 represents gender of the respondents where majority (66%) was men while 34% were female employees. This indicates that most employees were men

Table 4.2: Education level respondents

Education level respondents	Percent
College	36.0
University	64.0
Total	100.0

The researcher wanted to know the educational levels of Insurance industry in Nairobi employees. From the findings majority (64%) of the respondents were university graduates while 36% were college graduates. This shows that most respondents were highly educated as their roles required expertise.

Figure 4.1. Length of time respondent has worked with the organization



The researcher was also interested to know the working period of the workers. From the findings 48% had worked for 5 to 10 years, 38% had over 10 years experience while 14% have worked between 3 to 5 years. This shows that majority of the respondents had worked for more than five years.

Table 4.3: Job category of the respondent

Job category of the respondent	Percent
Administration	20.0
Finance and Accounts	18.0
Human resource	10.0
IT	16.0
Operations	14.0
Marketing	22.0
Total	100

Regarding the job category of the respondent, 20% of the workers were from Administration in the insurance industry in Nairobi, 22% were from Marketing, 14% from Operations, 16% were from IT while 17% from operations Finance, Administration and Human Resource department. This shows that employees were well spread across the job categories in Insurance industry in Nairobi.

4.3 Findings from the main objectives

Table 4.4: Description of the operation environment in the institution in relation to management of strategic change

	Percent
Very stable	94.0
Very disorderly	6.0
Total	100.0

The researcher was interested to know the description of the operational environment in the institution in relation to management of strategic change. From the findings majority (94%) of operation environment in the institution in relation to management of strategic change was very stable while 6% were very disorderly as illustrated by table 4.4. This shows that most of the respondents very stable in their working environments.

Table 4.5: Whether respondents has experienced any changes in the department in the last 3 months to one year

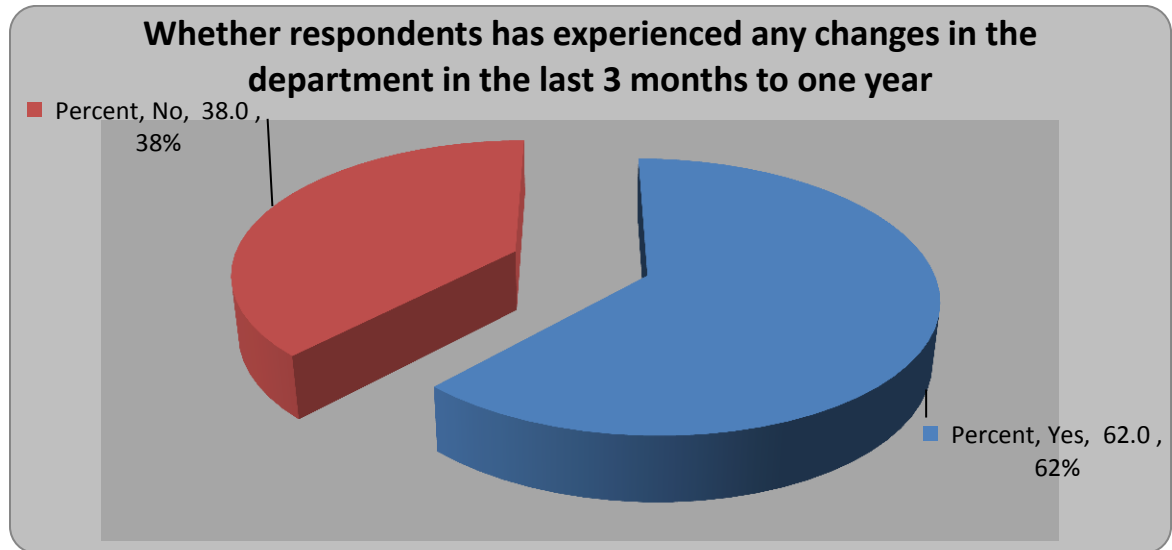
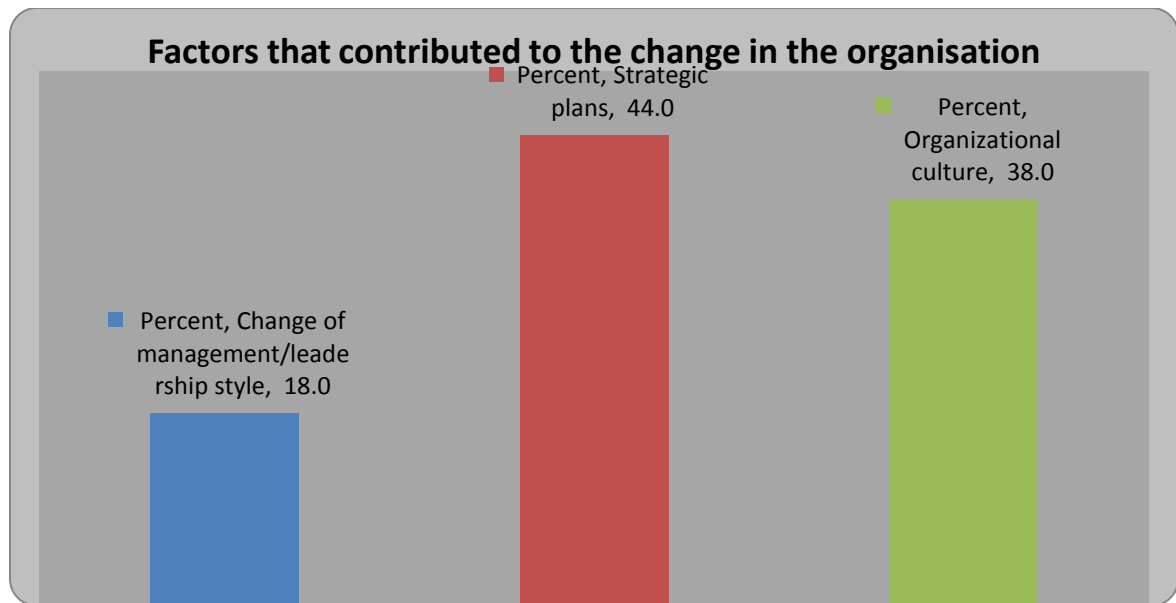


Table 4.5, illustrates whether respondents has experienced any changes in the department in the last 3 months to one year. From the findings majority (62%) had experienced changes in the department in the last 3 months to one year, while 38% said that they had not experienced any changes in the last 3 months to one year. This shows that most of the employees had experienced changes in the department in the last 3 months to one year

Figure 4.2 Factors that contributed to the change in the organization



The researcher was interested to know factors that contributed to the change in the organization. From the findings 44% of the workers said that organization was changed by strategic plans, 38% of the workers said that it was changed by organization culture while 18% of the workers said that the organization was changed by management or leadership style. This shows that most organizations were affected by strategic plans.

Table 4.6: Whether there is notable resistance to the changes

	Frequency	Percent
Yes	26	52.0
No	24	48.0
Total	50	100.0

The researcher was interested to know whether there was a notable resistance to the changes where majority 52% of the workers said there was a notable resistance to the

changes while 48% said there was no resistance to changes. This indicates that most respondents have notable resistance to changes.

Table4.7: Factors that have contributed to the resistance

Factors that may have contributed to the resistance		
	Frequency	Percent
Mistrust of management	17	34.0
Lack of communication	6	12.0
Fear of out come	20	40.0
Lack of involvement in the change process	7	14.0
Total	50	100.0

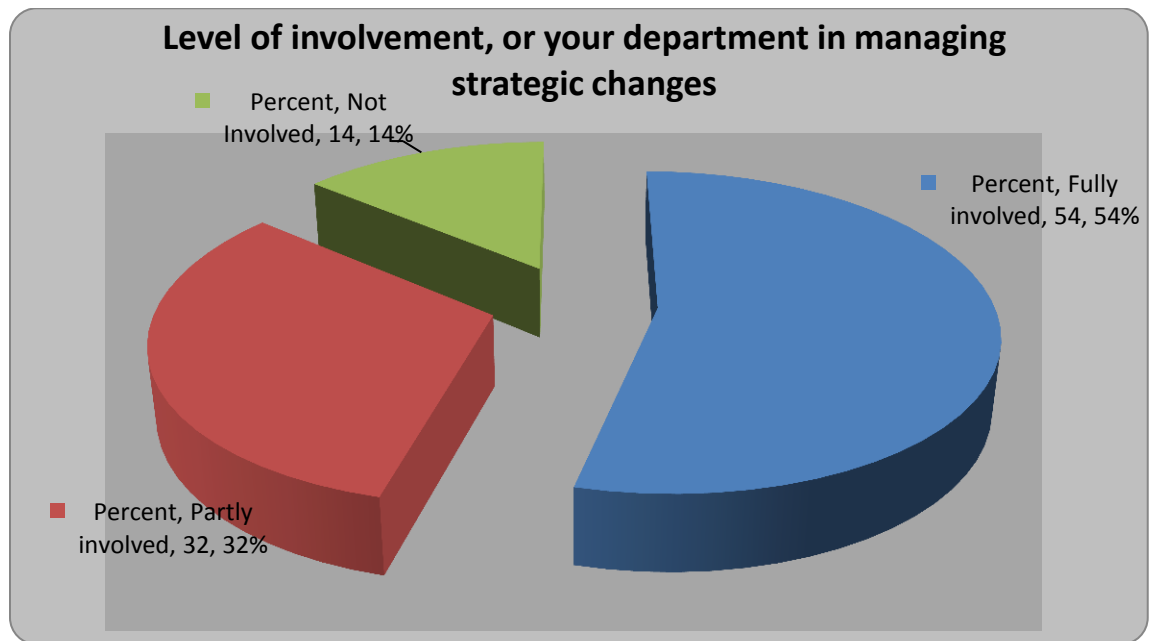
In addition the researcher was interested to know factors that contributed to the resistance. From the findings 40% feared outcome of change, 34% of the workers said Mistrust of management contributed to resistance, 14% lacked involvement in the change process, while 12% said lack of communication contributed to resistance to change. This indicates that fear of outcome, mistrust of management were the most common factors that contributed to resistance.

Table 4.8 External factors that had contributed more to the changes that have been experienced in the company

External factors that have contributed more to the changes that have been experienced in the company		
	Frequency	Percent
Technological advancement	13	26.0
Product/ programs changes	17	34.0
Competition	14	28.0
Sociological/cultural changes	6	12.0
Total	50	100.0

The researcher was interested to know the factors that have contributed more to the changes that have been experienced in the company. From the findings 34% of the workers said that Product/ programs changes contributed to changes in the company, 28% said that competition contributed more to the changes that have been experienced in the company, 26% said technological advancement enhanced the changes that have been experienced in the company, with 12% saying that sociological/cultural changes contributed more to changes that have been experienced in the company. This indicates that product or program changes, competition, technological advancement contributed more to the changes that have been experienced in the company.

Figure 4.3 Level of involvement, or your department in managing strategic changes



The researcher was interested to know the level of involvement of the department in managing strategic changes. From the findings majority (54%) were fully involved, 32% were partly involved, while 14% were not involved. This shows that most employees were either fully or partly involved in managing strategic changes of the organization.

Table 4.9: Methods used to communicate strategic changes and how they will be implemented

Methods was used to communicate strategic changes and how they will be implemented							
	Never	Seldom	Occasionally	Frequently	Always	Mean	std.dev
Memos	32.0	38.0	-	-	30.0	2.6	1.7
Circulars/notices	50.0	18.0	32.0		-	1.8	0.9
Face to face meetings	8.0	-	28	36	28	3.8	1.1
Grapevine	18.0	32.0	14.0	36.0	-	2.7	1.1

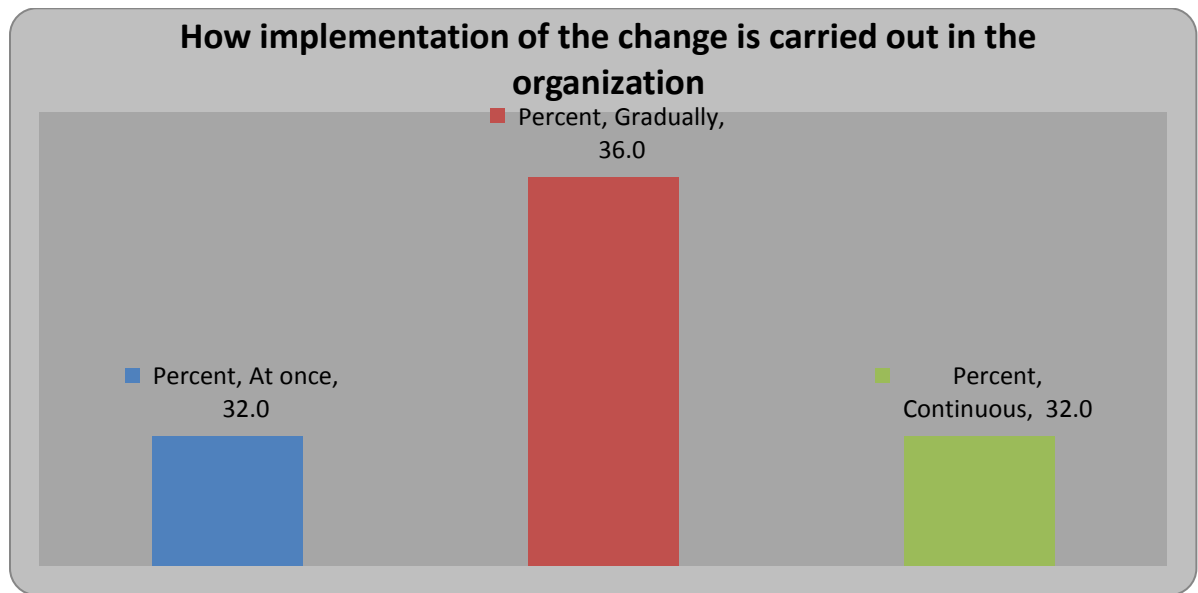
The finding in table 4.9 illustrates methods used to communicate strategic changes and how they will be implemented. Where there were five levels, level one was never with one point, seldom had two points, occasionally had three points, frequently had 4 points, always had 5 points. Face to face meetings was frequently used mode of communication with mean of 3.8, while grapevine, and memos were occasionally used with mean of 2.7, 2.6 respectively, while circulars/ notices were seldom used. This shows that face to face meetings were the most preferred method of communicating strategic changes.

Table 4.10: Implementation of the strategic changes in your organization

Who implements the strategic changes in your organization							
	Never	Seldom	Occasionally	Frequently	Always	Mean	std.d
Senior management	-	-	32.0	14.0	54.0	4.2	0.9
Middle level managers/heads of Departments	-	-	48.0	38.0	14.0	3.7	0.7
Consultants	68.0	32.0	-	-	-	1.3	0.5
All employees in the affected area	46.0	54.0	-	-	-	1.5	0.5

Concerning the person who implements strategic changes in the organization, most respondents indicated that senior management and middle level managers / heads of departments frequently implemented strategic changes with mean of 4.2 and 3.7 respectively, while consultants and employees were either never used or seldomly used with mean of 1.5 and 1.3 respectively. This shows that senior management and middle level manager's implemented strategic changes in the organization as strategic changes were crafted at the top level of the management.

Figure 4.4: How implementation of the change is carried out in the organization



The researcher was interested to know how implementation of change was carried out in the organization. 36% percent carried out change gradually, 32% carried change at once while 32% carried implementation of change continuously. This shows that the organization carried out changes either gradually at once or in a continuous manner depending on the type of change.

Table 4.11: The value placed on the importance of strategic change management in the organization.

The value placed on the importance of strategic change management in the organization							
	Very low	Low	Moderately high	High	Very high	Mean	Std. dev
Managing stakeholder expectation	-	8.0	44.0	18.0	30.0	3.7	1.0
Managing competition in the money market	-	32.0	24.0	44.0	-	3.1	0.9
Management of perceptions and beliefs	14.0	18.0	38.0	30.0	-	2.8	1.0
Power and politics management	-	14.0	18.0	38.0	30.0	3.8	1.0
The time of change	-	2.0	16.0	48.0	34.0	4.1	0.7
Environmental scanning for threats and opportunities	-	2.0	12.0	38.0	48.0	4.3	0.8

Table 4.11 illustrates the value placed on importance of strategic change management in the organization. From the findings most employees placed environmental scanning for threats and opportunities, time of change, Power and politics management, and managing stakeholder expectation were valued high with mean of 4.3, 4.1, 3.8, 3.7 respectively while managing competition in the money market, management perception and beliefs

were valued moderately high with mean of 3.1 and 2.8 respectively. This shows that environmental scanning for threats and opportunities, the time of change, Power and politics management, greatly enhanced the importance of change in the organization.

4.4 Discussion

From the findings, majority (94% of all the respondents purported that their organization have stable operational environment that can support strategic changes. It is however important for an organization to scan for external environment to ensure that intended changes are operational within the external environment. As emphasized by Burnes, (2004), change management is problem finding and problem solving practice in the sense that organization undergoing change must have identified a problem from the environment or from the way they have been doing things, it is the problem that makes the current state undesirable and hence the change.

Regarding the causes of strategic changes in respondents' organization, strategic plans and the organization culture were the main reasons instigating changes (44% and 38% respectively). The results clearly indicate that, strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial that organizations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions. At the same time transformational change management involves challenges to long-established corporate values and top tam behavior (Beeby and Simpson, 1995). Moreover, there has been broad consensus that increasing environmental instability and uncertainty are forcing companies to change continuously (Brown and Eisenhardt, 1997)

On the other hand, 40% feared outcome of change, 34% of the workers said mistrust of management contributed to resistance an indication that, resistance to changes is largely caused by the uncertainty on the outcome after its implementation. Burnes, (2004) expressed fear that, there numerous challenges that are normally experienced in strategic change process and the challenges come in form of resistance which may involve delays, extra expenditure and destabilization to the change process. Thiga (2002) also suggests that if change is poorly managed, resistance is likely to be higher than properly managed strategic change with the most prominent being resistance by those who prefer the known to the unknown.

Concerning the value placed on the importance of strategic change management in the organization, power and politics management, the time of management and the time of change as well as environmental scanning for threats and opportunities were places at the core of strategic change. Respondents also recommended that, decreasing the level of resistance to planned strategic changes, setting a team of champions to drive the changes and raising the degree of communication and allowing all the employees to deliberate before the changes are affected would enable involvement of all stakeholders in the strategic change. This would also call for sensitizing, educating and involving the stakeholders and especially the affected and implementing staff.

The overall recommendation by Burnes, (2004) on strategic change management and stakeholders' involvement in the process is that, open and honest two-way communication must occur early and often, expectations be clearly set and everyone involved must be aware of the change, and why it's being done, who is impacted and how, what the roles and responsibilities are. The message must continually be reinforced

throughout the organization by the multiple levels of management. Feedback must consistently be sought and acted upon. Measurable desired results must be spelled out at each level of the organization to include repercussions for not achieving the results. Progress must be reported, and those involved must be held accountable for the results.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter we present the summary of the findings and give conclusion to the study as well as the recommendation. The chapter gives further suggestion to other studies. This study was set out to establish two objectives: The relationship between a parent and its subsidiary and how this impacts on the strategy of the local subsidiary in this case, Barclays Bank Plc and Barclays Bank of Kenya.

5.2 Summary and Findings

This study sought to identify stakeholders involvement in management of strategic change at the Insurance industry in Nairobi.. The study will aid management developing, strategic change management practices adopted by the Insurance industry in Nairobi in their change program and to determine the factors affecting change management process at Insurance industry in Nairobi. Majority (66%) were men while 34% were female employees. The findings indicated that majority (64%) of the respondents were university graduates while 36% were college graduates. From the findings 48% had worked for 5 to 10 years, 38% have over 10 years' experience while 14% have worked between 3 to 5 years.

Regarding the job category of the respondent, 32% of the workers were from the Central Government, 26% were from State Corporations Department, 24% from Local

Government, 22% were from specialized audit department while 16% from operations Finance, Administration and Human Resource department.

From the objectives majority (94%) of operation environment in the institution in relation to management of strategic change was very stable while 6% were very disorderly. Majority (62%) had experienced changes in the department in the last 3 months to one year, while 38% said that they had not experienced any changes in the last 3 months to one year. The findings indicate that 44% of the workers said that organization was changed by strategic plans, 38% of worker changed by organization culture while 18% were changed by management or leadership style. Majority 52% of the workers said there was a notable resistance to the changes while 48% said there was no resistance to changes.

Regarding the factors that contributed to the resistance, 40% feared outcome of change, 34% of the workers said Mistrust of management contributed to resistance, 14% lacked involvement in the change process, while 12% said lack of communication contributed to resistance to change. The findings indicates 34% of the workers said that Product/ programs changes contributed to changes in the company, 28% said that competition contributed more to the changes that have been experienced in the company, 26% said technological advancement enhanced the changes that have been experienced in the company, with 12% saying that sociological/cultural changes contributed more to changes that have been experienced in the company.

On the level of involvement of the workers, majority (54%) were fully involved, 32% were partly involved, while 14% were not involved. Most respondents used Face to face

meetings frequently as a mode of communication with mean of 3.8, while grapevine, and memos were occasionally used with mean of 2.7, 2.6 respectively, while circulars/ notices were seldomly used. Most respondents indicated that senior management and middle level managers / heads of departments frequently implemented strategic changes with mean of 4.2 and 3.7 respectively, while consultants and employees were either never used or seldomly used with mean of 1.5 and 1.3 respectively.

Concerning change 36% percent carried out change gradually, 32% carried change at once while 32% carried implementation of change continuously. Most employees placed environmental scanning for threats and opportunities, time of change, Power and politics management, and managing stakeholder expectation were valued high with mean of 4.3, 4.1, 3.8, 3.7 respectively while managing competition in the money market, management perception and beliefs were valued moderately high with mean of 3.1 and 2.8 respectively.

5.3 Conclusion

Based on the findings it was concluded that most employees were men, most respondents were highly educated as their roles required expertise, majority of the respondents had worked for more than five years while employees were well spread across the job categories in Insurance industry in Nairobi.

Most of the respondents were very stable in their working environments. Most of the employees had experienced changes in the department in the last 3 months to one year. Most of the organizations were affected by strategic plans. Most of the respondents have notable resistance to changes. In addition fear of outcome, mistrust of management were

the most common factors that contributed to resistance. Product or program changes, competition, technological advancement contributed more to the changes that have been experienced in the company. Most employees were either fully or partly involved in managing strategic changes. Face to face meetings were the most preferred method of communicating strategic changes.

Senior management and middle level manager's implemented strategic changes in the organization as strategic changes were crafted at the top level of the management. Organization carried out changes either gradually or at once or in a continuous manner depending on the type of change. Furthermore environmental scanning for threats and opportunities, time of change, Power and politics management, greatly enhanced the importance of change in the organization.

5.4 Recommendations

Strategic change and its management is key in the long term survival of the Insurance industry in Nairobi. Given the turbulent environment in which organizations are operating today, they have no option but to identify and adopt the necessary changes to survive. It is on this premises that Insurance industry in Nairobi should embark on what can clearly be seen as incremental change program which given the responses, the market seems to embrace positively.

Organizations should develop competitive strategy and organizational structures capable of integrating complex global operations, they should understand their competences so as to focus on what they are especially good at, furthermore they need to develop a culture

of innovation and understand strategic priorities in terms of the particular context of an organization

Strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. Hence the organizations should seek to create a competitive advantage and wherever possible innovate to improve their competitive positions.

Insurance industry in Nairobi should look for ways of managing change by understanding the needs of employees and also for employees to understand the change plan.

5.5 Suggestions for Further Studies

The study also suggested areas for further study the following ways; there is need to carry the same study in other parts of the country to find out whether the same results will be obtained.

A study research should be carried on managing resistance to change in various organizations to formulate strategies to overcome resistance. Finally a study research should be carried out on implementation of change to produce desired results.

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APPENDICES

Appendix I: Questionnaire

Please answer the following questions giving the necessary details and ticking appropriate answers in spaces provided

PART A: DEMOGRAPHIC INFORMATION

1. Gender Female ☐ Male ☐
2. What is your education level? (Tick as applicable)
 - a) Primary ☐
 - b) Secondary ☐
 - c) College ☐
 - d) University ☐
 - e) Others-specify.....
3. Years of service/working period (Tick as applicable)
 - a) Less than 3 years ☐
 - b) 3-5 yrs ☐
 - c) 5-10 years ☐
 - d) Over 10 years ☐
4. Please indicate your job category
 - a) Administration ☐
 - b) Finance / Accounts ☐
 - c) Human Resource ☐
 - d) IT ☐
 - e) Operations ☐
 - f) Marketing ☐
 - f) Primary ☐
 - g) Secondary ☐
 - h) College ☐
 - i) University ☐
 - j) Others
specify.....
.....

**SECTION B: STAKEHOLDER INVOLVEMENT IN STRATEGIC CHANGE
MANAGEMENT PROCESS**

5. In your opinion, how would you describe the operation environment in the institution in relation to management of strategic change? (Tick as applicable)
- a) Very stable ☐
 - b) Very disorderly ☐
 - c) Irregular/discontinuous ☐
6. For how long have you been applying strategic change management principles?
- Not yet ☐
- Less than 1 year ☐
- 1- 3 years ☐
- More than 5 years ☐
7. Have you experienced any change in your department in the last 3 months to 1 year? (Tick as appropriate)
- Yes ☐ No ☐
8. If yes which internal factor below do you think contributed to the change, which was experienced?
- a) Change of management/leadership style
 - b) Strategic plans
 - c) Organizational culture
 - d) Change of work systems
9. Was there a notable resistance to the changes? (Tick as appropriate)
- Yes ☐ No ☐
10. Which of the following factors do you think may have contributed to the resistance?
- a) Mistrust of management ☐
 - b) Lack of communication ☐
 - c) Lack of involvement in the change process ☐
 - d) Fear of the outcome ☐
 - e) Not sure ☐
11. In your opinion, which of the following external factors has contributed more to the changes that have been experienced in the company?
- a) Technological advancement ☐
 - b) Product/ programs changes ☐
 - c) Competition ☐
 - d) Sociological/cultural changes ☐
 - e) Any other? _____
12. What is the level of your involvement, or your department in managing strategic changes?
- a) Fully involved
 - b) Partly involved

c) Not involved

13. What method was used to communicate strategic changes and how they will be implemented?

	Never	Seldom	Occasionally	Frequently	Always
Memos					
Circulars/notices					
Face-to-face meetings					
Grapevine					
Others (specify).....					

14. Who implement the strategic changes in your organization?

	Never	Seldom	Occasionally	Frequently	Always
Senior management					
Middle level managers/heads of Departments					
Consultants					
All employees in the affected area					
Others (specify).....					

15. How is the implementation of the change carried out in your organization?

- a) At once []
- b) Gradually []
- c) Continuous []
- d) Unsystematically []

16. What in your opinion, can the management do to decrease the level of resistance to planned strategic changes?

.....

.....

.....

17. What value do you place on the following regarding importance of strategic change management in your organization? 1 = Very low 5 = Very high

	1	2	3	4	5
a) Managing stakeholder expectation	[]	[]	[]	[]	[]
b) Managing competition in the money market	[]	[]	[]	[]	[]
c) Management of perceptions and beliefs	[]	[]	[]	[]	[]
d) Power and politics management	[]	[]	[]	[]	[]
e) The time of change	[]	[]	[]	[]	[]
f) Environmental scanning for threats and opportunities	[]	[]	[]	[]	[]
g) Others specify					

Appendix II: List of Insurance Companies in Nairobi

1. A P A Insurance Limited
2. Africa Merchant Assurance Company Limited
3. Apollo Life Assurance Limited
4. British-American Insurance Company (K) Limited,
5. Cannon Assurance Limited
6. CfC Life Assurance Limited
7. Chartis Kenya Insurance Company Limited
8. CIC General Insurance Limited
9. CIC Life Assurance Limited
10. Concord Insurance Company Limited
11. Corporate Insurance Company Limited
12. Directline Assurance Company Limited
13. East Africa Reinsurance Company Limited
14. Fidelity Shield Insurance Company Limited
15. First Assurance Company Limited
16. GA Insurance Limited
17. Gateway Insurance Company Limited
18. Geminia Insurance Company Limited
19. ICEA LION General Insurance Company Limited
20. ICEA LION Life Assurance Company Limited
21. Intra Africa Assurance Company Limited
22. Invesco Assurance Company Limited
23. Kenindia Assurance Company Limited
24. Kenya Orient Insurance Limited
25. Kenya Reinsurance Corporation Limited
26. Madison Insurance Company Kenya Limited
27. Mayfair Insurance Company Limited
28. Mercantile Insurance Company Limited
29. Metropolitan Life Kenya Limited
30. Occidental Insurance Company Limited

31. Old Mutual Life Assurance Company Limited
32. Pacis Insurance Company Limited
33. Pan Africa Life Assurance Limited
34. Phoenix of East Africa Assurance Company Limited
35. Pioneer Assurance Company Limited
36. REAL Insurance Company Limited
37. Shield Assurance Company Limited
38. Takaful Insurance of Africa
39. Tausi Assurance Company Limited
40. The Heritage Insurance Company Limited
41. The Jubilee Insurance Company of Kenya Limited
42. The Kenyan Alliance Insurance Co Ltd
43. The Monarch Insurance Company Limited
44. Trident Insurance Company Limited
45. UAP Insurance Company Limited