

**INFLUENCE OF STRATEGIC CHANGE MANAGEMENT  
PRACTICES ON THE PERFORMANCE OF THE NATIONAL  
TREASURY IN KENYA**

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## **DECLARATION**

This Research Project is my original work and has never been submitted for examination to any other University.

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The Project has been submitted with my authority as the University Supervisor

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## **DEDICATION**

To my dear mother (Rahab Ngima Ngari) and my late father (Geoffrey Ngari Mugoiyo) for having faith in me and believing that I can. Thank you for instilling in me the value of hard work and academic excellence.

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## **ABBREVIATIONS AND ACRONYMS**

<b>NCST&amp;I</b>	National Commission for Science, Technology and Innovation
<b>TNT</b>	The National Treasury
<b>UON</b>	University of Nairobi

## ABSTRACT

Strategic Change Management Practices has gained tremendous attention in the recent years especially from the way they influence performance. The need for this study arose because of the many changes taking place at the National Treasury in Kenya and how these changes are being management in order to achieve their strategic intention especially on performance. The motivation for this study was brought about by an effort to understand how an organization's strategic change management practices can influence its performance. The significance of the influence of strategic change management practices on performance was the stimulus to this research and in particular, the issue of how an organization manages its strategic change practices with regard to its performance in order to attain competitive advantage. The objective of the study was to determine the influence of strategic change management practices on the performance of the National Treasury in Kenya. In order to achieve this objective, the researcher used a case study. Both primary and secondary data was collected using interview guide and published material like the strategic plan, annual performance reports and other relevant documents. Interview was administered to five members of the senior management team who included one Director, two Assistant Directors and two administrative officers. Data was analyzed using content analysis. Given their positions and years of experience at the National Treasury, their information was considered representative enough for the study. The findings revealed that the major strategic changes which were taking place at the National Treasury were technological, structural administrative and people changes. The planned strategic changes were driven by both external and internal factors. The National Treasury organization bureaucratic/mechanistic structure was a major challenge towards strategic change management. Not all the stakeholders were consulted/involved during the planning and designing of the strategic changes. Resistance to change was implausible due to the bureaucratic nature of the public service ministries. Education and communication, facilitation and support, power-coercive strategies were used to ensure that stakeholders adapted to change processes appropriately. Performance contracting is also practiced at the National Treasury. The practices that determined the outcome of strategic change included organization culture, employees' values and beliefs, support systems and organization structure. The major limitation was that the researcher used a case study thus the findings are unique to the National Treasury and cannot be used to make a generalization of all the other ministries in Kenya public service. The researcher concluded that the strategic change management practices influence performance at the National Treasury. The researcher suggests that future researchers should investigate the influence of strategic change management practices on performance adopted by other ministries and their contribution to organizational performance. Such findings can then be compared to assess areas of commonalities. A survey design could be used instead of a case study design. The researcher recommends that public ministries should be encouraged to generate their strategic changes internally instead of reacting to changes from external factors and to embrace all round communication. In addition, a review of the National Treasury organization design, structure and culture is recommended.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

According to Juup, Steffen and Alessia (2009), organizations must find ways for operating in an ever-changing global economy through advancement of new competences as the old gains and capabilities wear away very fast due to environmental variations. Change management is the process, tools and techniques of managing the people-side of change in order to achieve the required outcomes, Nauheimer, (2005). Change is a necessity in both private and public organizations and in order to remain relevant, every organization must change with the environment it is operating in.

Modern organizations operate in complex and competitive environments and the way forward is to adapt change strategies, methods and practices which enable them to acquire competitive advantage ahead of their competitors (Scott 2014). According to Goodstein and Burke (2002), any organization that seeks to accommodate changes in the external environment, achieve the required outcomes, and realize the change effectively, must embrace change.

This study was anchored on the Attribution Theory advanced by Mullins, (2012) and Resource Based Theory by Barney (1991). The Attribution Theory states that people judge people's behaviour and their intentions based on past knowledge. This is because people compare what they have heard with what happened in the past, then they draw conclusions and react. In an organizational set up, stakeholders are likely to perceive change depending on what they have experienced in the past, if it had a positive effect, then they are likely to welcome it, but if it was negative, then they will

react negatively to it. The Resource-Based Theory contends that owning strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals (Barney 2001). The central focus is on the resources and competencies controlled by organizations.

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

Michael Porter (1985) suggests that strategy helps organizations to formulate and implement various tasks in attempt to cope with changes in the external environment, thus the heart of strategic management. Change management is the introduction of new processes in an organization or the management of people who are experiencing change (Kotter (2002). Implementation of strategic change management practices enables organization to align itself with the existing resources thus making it easy to respond faster to demands. In addition, it allows the organization to assess the overall impact of change especially on organizational effectiveness and efficiency.

There are a variety of theories on change management practices and it is very difficult to extract a mutual denominator from all the sources that are applying the phrase to the conceptual maps of organizational development. There is, however, a tight connection with the concept of learning organizations which is a term used to describe and organization that facilitates the learning of its members and continuously transforms itself. In order to be able to master a constructive change, organizations and individuals within organizations must learn.

### **1.1.2 Organization Performance**

Organizational performance is based on the concept that an organization is a deliberate association of productive assets that include human, physical, technological and investment resources, with a view of achieving a common purpose, (Barney, 2002). The need for values, culture and guiding principles that are unique to the organization growth are instilled by organization performance. Organizational culture must support the achievement of the strategic objectives. The purpose for achievement of the desired outcomes for the organization performance are supported by the values and guiding principles.

Rising demand and expectations for quality products have placed great pressure on executives and their institutions, portraying change as a constant occurrence in the life of organizations. The practitioners, who ascribe to the large consulting firm model of change, are seen as advocating the rational-linear view of organizational change, while the theoreticians are perceived as supporting the systemic-multivariate view of organizational change (Chapman 2010).

### **1.1.3 Kenya Government Ministries**

The Kenya Government Ministries are currently twenty. This is in line with the current Constitution which limits the number of Ministries to a minimum of fourteen and maximum of twenty two. All the Ministries deal with development of new policies, legislations and administrative procedures required for implementation. The Kenya Government is in the forefront of smoothening the path for progress through implementation of strategic changes. Pro-active measures to develop enabling policy frameworks to promote new technologies, set up performance measurement, and

evaluation systems, and overhaul administrative structures have been developed with an aim of enhancing performance and efficiency in all government ministries. This is meant to reverse the negative image of the public service and to ensure that citizens are provided with quality and timely services at all times.

#### **1.1.4 The National Treasury**

The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012 and the executive order No.2/2013 (The National Treasury Strategic Plan, 2017). The Legal and executive basis for the National Treasury accords it specific mandates and functional assignments that are to be implemented, key among them is to provide proper budgetary and expenditure management of the Government financial resources and also being a custodian of several Acts enacted by parliament. In addition, it is responsibility of the National Treasury to provide oversight of all financial institutions including Cooperatives and Savings and Credit Cooperative Societies (Saccos) dealing with financial functions. In this regard, the National Treasury is strategic in many ways.

The National Treasury in Kenya has recently undergone various strategic changes such as technological changes, structural changes, administrative changes and people changes. In addition, it is facing a continuous process of change globally and it is one of the major ministries of the country's economy. Formulating financial and economic policies in developing and maintaining sound financial and monetary policies that facilitate socio-economic development is the responsibility of the National Treasury. It is a necessity for the National Treasury to create an enabling

environment in which it can operate effectively and efficiently since it is the custodian of Government's economic. According to (Akello, 2015), change is seen as the result of learning process that centers around the procedures for organizational and individual changes. This is in order to sustain and grow as an organization and as individuals, the know-how both the organizations and individuals need to maintain where the organization and individuals need to change, and how change that is in synchronization with the values held by individuals and organizations can be managed. This is how change is viewed at the National Treasury.

## **1.2 Research Problem**

Organizations desire viable strategic change management practices to aid in achieving stable output, predictable costs, and financial stability. The key concern for organizations is therefore how to achieve desired change without disrupting current stability. It is clear that change is inevitable in any growing organization Mullins (2005). Organizations continue to have problems in managing organizational change in spite of the consideration that the management of change has received, and the search for generalized laws of change still diffuses the discipline.

The study was carried out at the National Treasury which is a Ministry under the Kenya Public Sector. As a basis for deciding on the appropriate paths of change, the National Treasury in Kenya has recently adopted various strategic change management practices thus delineating deterministic theories about the nature of change in the organizations. Despite the fact that contingency approach to organizational change has encouraged practitioners to consider aspects of their environment, the Kenya National Treasury has presented inadequate appreciation of

the role of strategic choice, beliefs and power. The motivation for the study was brought about by an effort to understand how an organization's strategic change management practice can influence its performance. The significance of how organization performance is influenced by strategic change management practices was the inducement to this research. In particular, the issue of how an organization manages its strategic change practices with regard to its performance in order to attain competitive advantage.

Several studies have been conducted providing valuable insights on strategic change management practices on various contexts. Globally, an empirical study by Rune T. (2005) concluded that there is often a contradiction in theories and approaches to change management available to academics and practitioners. Mostly, they lack empirical evidence and are supported by uncontested hypotheses concerning the nature of modern organizational change management.

Locally, various studies in change management practices have been carried out. Bett (1995) studied strategic marketing of dairy products in Kenya and found out that due to economic reforms in the country, firms in the dairy industry made substantial changes in their change management in order to survive in the turbulent environment. This finding is supported by Njau (2000) whose study was on strategic response by firms facing changed competitive conditions and noted that there is need to change when environmental conditions change. Kandie (2001) conducted a study on strategic responses by Telkom Kenya Ltd in a competitive environment and concluded that although Telkom Kenya Ltd realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment.

Although further studies by Mbogo, Rukunga, Ogwora (2003) and Kathuka (2004) on strategic change management processes noted that more Kenyan organizations have responded to the changing environmental conditions, they did not focus much on how changes have been managed and the impact on the introduction of reforms and modernization in public organizations in order to ensure sustained success.

Despite the numerous studies done by various scholars on strategic change management practices on various contexts, their findings remain inconsistent on the exact influence of strategic change management practices on performance. The inconsistency reveals a research gap. This study therefore seeks to fill the research gap by providing answer to the question, what is the influence of strategic change management practices on the performance of the National Treasury in Kenya?

### **1.3 Research Objective**

The objective of the study was to establish the influence of strategic change management practices on the performance of the National Treasury in Kenya.

### **1.4 Value of the Study**

The findings of this study could help the National Treasury to establish a policy that can be used to monitor the success or failure of strategic changes taking place and to establish whether the strategic change practices are yielding the desired results that could eventually influence the performance of the National Treasury positively. To the academicians, the findings could provide more literature that is necessary to support the existing theoretical propositions on the relationship between strategic change management practices and the performance of organizations, thus contributing

to the existing body of knowledge. To the researchers, the findings could provide a useful basis upon which further studies on effectiveness of change management programmes in organizations could be conducted. The findings could also assist change management managers to evaluate change conditions, key success factors and challenges unique to the public sector that contribute to the successful implementation of a change management programme.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a review of the literature on the influence of strategic change management practices on the performance of organizations as in the previous studies. It is structured on the basis of an overview of theories underpinning the study, a review of various empirical studies, strategic change management practices and strategies employed to assist stakeholders adapt to change.

#### **2.2 Theoretical Foundation**

Theoretically, various uncertainties cause organizations to change continuously. Theories to change management are frequently inconsistent, lacking empirical evidence and endorsed by unchallenged hypothesis concerning the nature of modern organization change management. The need to anticipate the changes and to ensure that it is successfully implemented without distracting and misrepresenting the intended change is of greater importance currently than ever.

Before the enactment of any strategic change, the entire change program must be thoroughly thought through and expounded. The emphasis of change must be considered in addition to the configuration of the strategic changes to the organization situation, culture, vision and goals. This study shall be anchored on Attribution Theory and Resource Based Theory.

### **2.2.1 Attribution Theory**

Advanced by Mullins, (2012), attribution theory contends that people interpret things differently because every person has their own reasons for judging the behaviour of other people. Strategic change execution, especially to an organization-wide program should circumvent excessive complexities and inconsistent focus. The focal points of the strategic change must be systematically defined indicating what it will entail, (Sorge and Van, 2009). According to Grant, (2005), in turbulent environments, change initiatives are filled with unanticipated transitions that organization leaders must deal with to secure change effort.

According to Meyer and Stensaker, (2006), there are three things that must be done to avert the typical drawbacks. Firstly, a large number of visible, tangible activities such as consultations can enable the organization to achieve the required urgency for initiating change. Secondly, strategically revitalizing and refocusing on the change provides the organization with the principal means for sustaining thrust for change. Thirdly, to safeguard the long-term impact of a change, organizations should integrate the results of the strategic change to the existing organizational structures and systems. Scott, (2014) states that top management credibility is another important factor for the success of any change process.

### **2.2.2 Resource Based Theory**

Barney (1991), states that a firm's resources and capabilities that are valuable, rare, imperfectly imitable, and not substitutable, provides the firm with a sustained competitive advantage over its rivals. These resources and capabilities can be regarded as bundles of both tangible and intangible assets, which include a firm's

management skills, its organizational processes and practices, and the information and knowledge it controls. This is because organization's performance depends on a firm's resources and capabilities and each firm differs in its resources and no one firm is similar to another. According to Barney (2007), Resource Based Theory has two critical assumptions, that is, heterogeneous and immobile. Heterogeneous complies of the skills; competencies and other resources that are possessed by organizations that are different from one organization to another. The immobile assumption is brought about by the fact that organizational resources are not mobile and cannot move from one organization to another. Owing to the immobility, organizations can not replicate their competitor's resources and implement the same strategy.

A resource-based approach is significant in a variety of concepts on change management practices. It is therefore very difficult to condense a mutual denominator from all the sources that are applying this phrase to the conceptual maps of organizational development. There is, obviously, a tight connection with the concept of learning organizations, (Bowman and Asch, 2008). One of the most important resources of an organization is its people. How they are organized, managed and controlled is fundamental to improved performance and achievement of competitive advantage.

### **2.3 Empirical Studies**

In order to survive and succeed in the present highly competitive and continuously evolving environment, successful management of change is important to any organization. Change process should have priority, be beneficial, and permanently present ensuring that key information is not lost within the chain. Effective branding,

in-depth personal top management communication and demonstrative, regular monitoring should be encouraged throughout the entire process. Successful implementation of change leads to improved quality of products and services resulting to positive impact on the organizational performance, (Almaraz, 2004).

A number of empirical studies have been conducted on the influence of strategic change management practices on performance of organizations. Some have consistently cited positive relationship between the strategic change management practices and performance while others have cited negative relationship. Nyamache (2003) carried out a study on strategic change management practices in the public sector. This was a case study focusing on the service reform programme in Kenya between 1993 and 2003 and was limited to the civil service secretariat. The findings concluded that, the reform process was compromised by resistance to change. This was due to the fact that reforms were implemented haphazardly without preparations. As a result, the programme affected the performance of the civil service negatively.

Gathua (2006) investigated the change management and its impact on performance at Unga Group, Kenya. The case study established that competition led to poor performance of organization in 1997 which necessitated the need for change. The findings revealed that there was a sumptuous change management process between 1997 and 2005. From the study findings, the Unga Group, Kenya made losses during the sixteen years of the change process. The researcher concluded that change management had a negative influence on organizational performance.

On the other hand, Gichunge, (2006) did a case study on the effect of formal strategic change management on the performance of selected medium sized manufacturing enterprises in Nairobi. The findings were that majority of medium sized manufacturing enterprises had adopted some formal strategic change management which had improved their performance. Kinuu (2007) carried out a case study on the management of strategic change in Tamoil, Kenya Limited in light of the models of change management. It was observed that the organizational change was characterized by overemphasis on changes to structures, instantaneous introduction of comparatively many change programs, lack of precision on the future state of the organization and slight staff resistance. Performance of change initiatives was found to be affected by the management of the process of change. The study observed that the economic performance of the company changed positively during the change period.

The above study findings are inconclusive in nature and contradictory thus confirming the prerequisite of further investigation. The existing research literature shows that there is a missing element in the existing research literature indicating findings from a research in which a fundamental question has not been answered. This study sought to confirm whether there is a positive, negative or no relationship between strategic change management practices and performance.

#### **2.4 Strategic Change Management Practices and Performance**

The processes, tools and techniques that are put in place in order to manage the people-side of change with a view to achieving the required outcomes, and realizing the change effectively within the specific change agents, inner team, and the wider system are known as the change management practices. Dawson, (2014), emphasizes

that organization must consider how the change will be executed and who will be involved; the appropriateness, the commitment or possible disapproval of the change and the thrust of the change.

The ability of a firm to manage its change strategy effectively for improved performance does not guarantee that when another organization implements the same strategy, it will work. Change processes must have clear priorities due to their complex nature in order for them to be manageable. It is deadly for an organization-wide program's execution to be marred with excessive complexity and inconsistent focus. It is therefore important for organizations to identify the right change. According to (Sorge and Van, 2009), what the focal points of change will entail and what they will not entail must be thoroughly defined. The decisions made by management must ensure that change will be implemented effectively and will have a lasting impact.

Organizations and individuals must be put through a complete internal re-orientation by interactions between strategic change management practices and performance. Bridges (2014), of the renowned Leading Organizational or Individual Transition Program focuses on the crucial transition aspect and contends that, things will basically remain the same unless the reorientation process is handled successfully. Individuals will not develop new behavior and attitudes unless they go through the inner process of transition the change requires. These operations may have been formally put in place by the organization to evaluate and monitor the organization's capability to successfully meet its goals and assess its employees and stakeholder responsiveness to what has been learned, through the adoption of efficient structures,

systems and capital investments (Karimi, 2006). Stakeholders' attitude stem from their interpretation of the planned change and how they perceive its effect on their lives. Individuals do not just receive information and accept it at face value (Scott, 2014).

According to Powell (2001), it is important for organizations to consider adopting change management practices that are compatible with the organization's Vision and Mission. Strategic change management is connected to the organization's competitiveness and reaction to changes in the environment. Change arises due to the need for an organization to exploit existing or emerging opportunities as well as to deal with threats in the environment. The factors that affect implementation of strategic change include organizational culture, structure, resources, leadership, etc.

If institutions are to achieve success, the top leadership should have a bigger picture of the change and a strategy on how to realize this goal (Balogun and Hailey, 1999). According to Davenport and Alessia (2007), acceptance, attention, effective change agents, effective leadership, momentum and sustainability are the bases without which change processes will not be put in motion, make headway only with great difficulty or have a fleeting or even insignificant impact (Salaman and Asch, 2014).

Top management credibility is another critical factor for the success of any change process (Scott, 2014). As the management designs the change, it is important to consider what they can credibly implement; what change they can really commit to; and what type of change will fit their style so that they are able to support it totally. From the establishment of the actual idea of change, change programs and projects

must make sense. If it is clear from the beginning that the change has been tailored for the organization and its particular business situation and the feeling that a change is right then the necessary sense of urgency to secure its realization will occur (Bruch and Ghoshal, 2014).

Change is only possible when it is executed against the context and the background of an institution's specific past and present. If change processes fit an organization's existing culture, (traditions, norms and shared values) then it can be successful thus, the need for organization culture to be included in the discussions regarding the selection of a change program (Juup, Steffen and Alessia, 2009). Certain change processes can be executed in bureaucratic cultures, while other types of processes are compatible with team-oriented cultures or innovative/dynamic organizations Bruch and Ghoshal, (2009). In addition, the organization's energy must be accounted for in the basic process of designing the program for a particular change. Different types of change programs will be effective with organizations characterized by secure inertia than for organization with other types of energy, such as change tiredness, high productive energy or designative inertia.

A major source of resistance to change within organizations and the main reason why change initiatives fail is insufficient acceptance. Insufficient acceptance is often considered to be the major source of resistance within organizations and the key reason why change initiatives fail and persists to haunt even in the future. Well thought-out acceptance by all the stakeholders is based on an approach that integrates everyone involved in a way that promotes commitment and desire to change. Effective branding, in-depth personal, top management communication and



demonstrative, regular monitoring are some of the key levers of attention management, (Davenport and Alessia, 2007). Management needs to explain the reasons for strategic change and the means of strategic change in order to win the support of the stakeholders of the organization. For an organization to sell, implement and drive a sustainable change program, having the right people is the crucial factor. According to Kotter (2008), underestimating the importance of the individuals involved in the change processes and their interaction leads to failure of the organizational change programs.

It is important for change agents to share the change with all levels of the organization by providing explanations for implications of change to the people and what is expected of them. Change management loses momentum when an organization fails to address the issue of its own organizational energy. Organizational energy reflects the extent to which an organization has equipped its potential in pursuit of its goals (Bruch and Ghoshal, 2009). Problems associated with energy during change are apparent as either insufficient urgency in the beginning phases, to a loss in thrust during or the reversal of positive impact after a change program.

## **2.5 Strategies to Assist Stakeholders adapt to Change**

In today's boisterous economy, organizations are aggressively seeking ways to remain competitive in the marketplace, ranging from downsizing to drastic restructuring. However, such organizations are often faced with a substantial stumbling block. Quite simply put, most organizations do not know how to prepare their stakeholders to be able to handle these change initiatives (Chapman, 2006).

Organizations can help their stakeholders adapt to change and attain competitive edge through careful planning and the support of top leaders. According to (Dawson 2014) it is not an easy undertaking to be able to put in place a successful change management strategy. It requires an integrated planning process, which includes specific steps to take before, during and after the change. In as much as it is important for organizations to prepare in advance, the actions taken during implementation of the change and subsequently are similarly very important. In realizing the benefits organizations need to achieve through the change initiatives they undertake, a multi-step process is required, (Nauheimer, 2005).

### **2.5.1 Education and Communication**

In an effort to win the support of the stakeholders of the organization, it is essential for the management to explain the reasons for and means of strategic change. Bowman and Asch (2008) point out that a change strategy of education and communication is based on the assumption that, individuals will see the need for change and accept it, if they are given the justification for change. Educating and communicating about strategic change might be a very time consuming activity and direction might not be clear to managers, especially in large organizations. This strategy may be useful when resistance to change is anticipated, based on inadequate or inaccurate information.

Inadequate information and ineffective communication may cause change to be ineffective. Reliance on top down communication may be problematic in any strategic change process. When transformational change efforts fail, the problem is that the change programs are not envisioned or communicated in a way that builds

followership among the stakeholders. Clear and consistent messages for effective communication during major changes must be ensured in order to educate stakeholders in the organization's vision, strategic goals, and the effect of change on them. In addition, it should stimulate stakeholders support and encourage greater performance and discretionary effort. Effective stakeholders' communication limits misunderstandings and rumors that may mutilate productivity; and align stakeholders behind the organization's strategic and overall performance improvement goals (Katzenbach, 2005).

### **2.5.2 Collaboration or Participation**

It is important to involve participation of those who will be affected by the change to identify strategic issues, set the strategic agenda, the strategic decision-making process or planning of the strategic change in order to increase ownership of and commitment to a strategic change decision. This leads to better quality of decisions than would have otherwise been achieved (Meyer and Stensaker, 2006).

Collaboration and participation may, on the other hand, improve the quality of decisions by obtaining many different views on problem solutions leading to increased ownership of decisions, and increasing the likelihood of change. Stakeholders' involvement in decision making and planning increases ownership and commitment to the change process leading to better quality decisions. The change process should have priority, be beneficial, permanently present and key information should not be lost within the chain.

### **2.5.3 Intervention and Delegation**

Control of the change process should be retained by the change agent although there should be delegation of certain tasks to teams or groups. These teams should become involved in the change process and see their work building towards the change process. This is beneficial in that it not only involves the stakeholders in idea generation but also in the implementation of solutions.

Delegation of work is a powerful motivational tool since it shows that managers have faith in the abilities of their team members. It encourages staff to learn from their own mistakes and at the same time provide solutions. On the other hand, it carries a natural element of risk and some errors and misjudgments might occur.. Through delegation the manager is lightened of his load, allowing him to concentrate on more important tasks. This results to an empowered workforce that is less dependent on its management (Kreitner 2004).

### **2.5.4 Leadership and Direction**

Leadership and direction involves the use of personal managerial authority to establish a clear future strategy on how change will be carried out. It could be associated with clear vision or strategic intent developed by someone recognized as the change agent in the organization (Meyer and Stensaker, 2006). Usually, it is a top-down management of strategic change and all executives require the skills and tools for strategy designing, formulation and implementation to successfully deal with change.

It is important for organization to have in place strategic leaders who provide a sense of direction and also build ownership and alignment with their working groups to implement change in order to manage change and ambiguity. According to McShane and VonGlinow (2004), a leader must be able to “influence, motivate and enable others to contribute toward the effectiveness and success of the organization.” In order to achieve continued success, stabilizing the organization after the change process commences is critical.

The responsibility for demonstrating the need for change, establishing common goals, and giving direction for the change process lies with the organizations management (Bateman, 2009). If the change leaders are unable to communicate the vision and change strategy effectively and engage the team throughout the process, the change initiative may fail. Role clarity and stakeholders alignment with the new strategy in order to meet performance objectives and achieve goals must be provided by change leaders.

## **2.6 Summary of Literature Review**

The organization need to provide adequate support and development to managers to help them drive change through the organization. If the managers are unable to effectively communicate the vision and change strategy and engage the team through the process, the change initiative will not succeed. Managers should provide role clarity and ensure employees are aligned with the new strategy in order to meet performance objectives and achieve goals.

In addition, the organization should map out a change process. The processual nature of change makes it both a difficult yet fascinating area. For a positive result process the organization can consider employee participation and involvement in the development of change strategies in order to reduce resistance to change and increase acceptance. This is followed by constructing an effective communications system throughout the organization.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the method used by the Researcher in carrying out the study. It will be organized along the following sub sections: research design, data collection procedure and data analysis.

#### **3.2 Research Design**

This is the overall strategy that the researcher chose to integrate the different components of the research study. It is the overall scheme or program of the research (Robson, 2002). This study adopted a case study design since the researcher sought to describe the unit of investigation in details. It ensured effective address of the research problem because it constituted the blueprint for the collection, measurement and analysis of data.

According to Donald, (2006), educational data is organized and the object to be studies is looked at as a whole. Kothari (2004) noted that a case study involves careful and complete observation of a social unit thus making it a powerful form of qualitative analysis. The Case Study method was chosen because it allowed for an in-depth investigation, and it placed more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. A prominence on details provides valuable insight for problem solving and strategy.

### **3.3 Data Collection**

The study used both primary and secondary data. Primary data was obtained from respondents which secondary data was obtained from published material like the strategic plan, annual performance reports and other relevant documents. Qualitative approach of data collection was used through interview guide. This allowed further probing to get in-depth information from the respondents about the study under review.

Data for this study was collected from senior management members of staff who included one Director, two Assistant Directors and two Administrative officers. All the interviewees were involved in strategic change management issues at the National Treasury and they portrayed an administrative skewed aspect than a technical one. They are charged with overall goals, strategies, and operating policies of the National Treasury therefore being aware and in a better position to understand the changes which had taken place or were taking place in the National Treasury.

### **3.4 Data Analysis**

Data obtained from the interview guide was analyzed qualitatively using content analysis. According to Neuendorf (2002), content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involves observation and detailed description of objects that comprise the object of the study. Content analysis assisted the researcher in making inferences by objectively identifying specific information and relating the same to the occurrence trends.



This technique was used in order to enable the researcher determine the influence of strategic change management practices on the performance of the National Treasury in Kenya. To achieve the objective of the study, the analysis was used to describe, interpret and make general statements on how categories of data relate to theory. In addition, the researcher was able to criticize the findings of the study based on the study objectives in order to determine the influence of strategic change management practices on the performance of the National Treasury in Kenya.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This Chapter discusses the data collected from the respondents through face to face interviews. It presents the analysis, results and discussion with regard to the objective of the study which was to establish the influence of strategic change management practices on the performance of the National Treasury in Kenya. The qualitative data was subjected to content analysis which enabled the researcher to make inferences from the responses of the interviewees.

#### **4.2 Data Analysis**

Data analysis in this study involved observation and detailed description of objects of the study. The researcher was able to identify specific information from the respondents and relate the same to the study objective. Data obtained was analyzed qualitatively using content analysis.

##### **4.2.1 General Information**

The Researcher interviewed five out of the targeted six respondents, which constituted 84% response rate. The interviewees included one Director, two Assistant Directors and two administrative officers. All the interviewees were involved in strategic change management issues at the National Treasury and they portrayed an administrative skewed aspect other than a technical one. The respondents are charged with overall goals, strategies, and operating policies of the National Treasury, therefore being aware and in a better position to understand the changes which had taken place or were taking place in the National Treasury.

They also have worked in the National Treasury for more than seven years hence they had sufficient experience to be able to answer the interview questions reliably. One of the respondents was female while the rest were males. This general information about the respondents was important in establishing the quality of the information obtained from interviewing them.

#### **4.2.2 Strategic Change Management Practices at the National Treasury**

The Researcher sought to find out from the respondents if there are strategic changes that have taken place at the National Treasury and if so, what type of strategic changes they were. All the respondents acknowledged that there were various strategic changes that had taken place at the National Treasury especially since the new constitution 2010 came into effect. The interviewees responded that the Strategic changes taking place at the National Treasury included technological changes, administrative changes and people changes.

When asked what the driving forces of strategic changes at the National Treasury were, three interviewees responded that strategic change was driven by both external and internal factors like the new Constitution (2010), Government legislations, policy guidelines from the government, structure and national budgets. Two respondents felt that the drivers of strategic change is the Kenya Vision 2030 and the desire to survive and prosper and have quality services, cost saving and competitiveness globally. However, all the respondents felt that the strategic changes were planned and in some remote cases emergent changes were experienced especially if it was of an emergency nature. When the interviewees were asked how strategic changes process was executed, they said that change came in form of government instructions on reforms

and that these reforms were implemented with reference to the strategic issues as outlined in the National Treasury strategic plan. The researcher further sought to find out if the National Treasury considers the impact of strategic change on the various stakeholders in its strategic change management processes. It was established that in the planning and designing phases, most of the stakeholders were not involved. All the respondents felt that there was no positive network of conversation about the intended change but about implementing change.

However, at the implementation phase, training was facilitated to inform the stakeholders of the intended change and what is expected of them. Four of the interviewees reported that during the implementation stage, the stakeholders are given adequate communication and sensitization of the desired change. The researcher inquired if the interviewees understood what the roles of change leaders were supposed to be and they replied to the affirmative. When asked for their views about the change leadership at the National Treasury, all interviewees responded that the human side of change like stakeholders involvement in the change process, ownership of the change, culture and communication were not addressed adequately. All the respondents indicated that the National Treasury uses circulars letters from the Head of Public Service, internal memos, seminars and workshops, as a way of communicating to stakeholders regarding strategic changes. These communication modes were reported to be ineffective.

The respondents were asked if there were any challenges in the Strategic change management practices at the National Treasury. All the respondents reported that both systemic and behavioral resistance was evident though on a very low scale. Systemic resistance concerning organization design, organization culture and resource

limitations were mentioned. All the respondents confirmed that the National Treasury adopts a bureaucratic organization structure which is long and complicated thus delaying the change process. However, on further pressing the interviewees, four interviewees reported that the National Treasury was recently restructured by establishing four technical Directorates and one administrative and support services Directorate in order to effectively address the inherent weaknesses such as having too many departments with no clear working relationship. Decision making structure was re-defined leading to better co-ordination of service delivery. All the respondents agreed that organization structure is a major challenge on the strategic change management process.

When asked about who was charged with strategic issues at the National Treasury, four respondents revealed that only the top level management officers and a few in the middle level were charged with the responsibility of strategic changes at the National Treasury through interdepartmental taskforces and brainstorming sessions. One respondent indicated that only the top level management team was in charge of strategic issues. The interviewee also reported that consultants have been brought in the National Treasury to head the strategic departments like the directorate of debt Management and budgetary department.

However, all the respondents reported that behavioral concerns from individuals and collective resistance to change were not greatly experienced. Majority of the respondents reported that as much as the National Treasury's dimension of change is very well planned, there is general lack of the people's dimension of change due to; lack of all stakeholders involvement in all levels of the National Treasury, lack of

ownership by all, inability to communicate the right information at the right time and inability to assess the Ministry's readiness for strategic changes. Four interviewees further revealed that there is lack of relevant expertise by change leadership culminating to lack of motivation.

On further probing, three respondents reported that little resistance to change was experienced due to the bureaucratic nature of the public service ministries. Strategies to deal with such resistance were very effectively executed. However, gossips, grapevine, grumbling and complaints about the process, anxiety, which are common signs of resistance to change, were reported to be regular during the process. All the interviewees agreed that during reinforcement stage, education, teambuilding programmes and communication strategies were used.

In addition, all the respondents revealed that facilitation and support strategies were also used to ensure that employees adopted to change processes appropriately. Three respondents revealed that power-coercive strategy was also used. Two respondents felt that rules and procedures as stipulated in the Code of Regulations must apply at all times. However, negotiation and agreement, manipulation and cooptation were reported not to be ingredients of the National Treasury change process, especially at the implementation stage. When asked whether there were any incentives that were attached to change process, all the interviewees revealed that the government promises rewards for excellent performance and sanctions for poor and very poor performances. In addition, two respondents mentioned employee development and promotions as incentives offered.

### **4.2.3 Performance of the National Treasury**

The interviewees were asked what the key performance indicators for the National Treasury were. Different indicators were mentioned ranging from efficient mobilization and allocation of resources, enhanced accountability, re-engineering Integrated Financial Management Information System (Ifmis), optimal utilization of Government resources, enhanced efficiency, effectiveness and transparency in management of government projects, an efficient and effective workforce, and quality service delivery, among others. One respondent referred the researcher to the National Treasury Strategic Plan for more details.

The interviewees were requested whether the National Treasury performance information was accessible to the stakeholders. It was revealed that performance information was accessible through the National Treasury Website and the Central Planning and Project Monitoring Unit. When asked if the performance of the National Treasury was closely linked to the strategic change management practices, four of the respondents felt that there was a linkage while one of them felt that there is no link between the performance and the strategic change management practices. This particular interviewee felt that performance was linked to the performance contracting targets and the desire of the stakeholders to meet their performance targets.

The respondents revealed that the National Treasury, like any other government ministry signs a performance contract with the government. Performance targets are then broken down to departmental targets and finally to individual targets.

Employees were subjected to a very vigorous performance appraisal systems whereby it was imperative for them to meet their individual targets which will translate to departmental performance and finally to the National Treasury Performance. It was also reported that in the performance contract the government promises an award of a bonus of one month's basic salary for excellent performance and sanction in form of warning/cautionary letter for poor performance and dismissal/termination of appointment for very poor performance.

All the respondents felt that the benefits experienced from effective strategic change management practices at the National Treasury were improved service delivery and high degree of stakeholders' satisfaction. When asked what factors determined major outcomes of the strategic change at the National Treasury, all the respondents indicated that major outcomes were determined by constant communication, stakeholders values and beliefs, public service culture, provision of adequate resources, support systems and organization structure.

### **4.3 Results**

The study sought to establish the influence of strategic change management practices on performance of the National Treasury in Kenya. Strategic change management practices were considered to be the independent variables while performance was the dependent variable. There are different practices of managing strategic change in any organization which include education, communication, collaboration, intervention and direction. An organization can use any or all of them at the same time since they are not mutually exclusive. Strategic change management practices are very critical in



any organization and can influence the level of performance either positively or negatively.

The study found out that there were a number of strategic changes that had taken place at the National Treasury especially since the new constitution 2010 came into effect. Those strategic changes were technological changes, administrative changes, structural changes and people changes. It was also established that the driving forces of strategic changes at the National Treasury were both external and internal factors. The study further revealed that the strategic changes were planned and in some remote cases emergent changes were experienced especially if it was of an emergency nature. Strategic change management was found to be a process with various phases.

This confirmed the Kotter's (1995) view that strategic change management is a process that goes through a series of different phases. According to Kotter (1995), it is very important for management to create a sense of urgency to ensure readiness for change, develop the right coalition, communicate the vision for buy-in, empower broad based action, generate short term wins and make change stick. Further, the phases correspond with Lewin's (1952) three phase change process of unfreezing, moving and freezing.

The study revealed that organization structure is a major challenge towards strategic change management. It was noted that the National Treasury adopted a bureaucratic organization structure which is long and complicated thus slowed the change process since the hierarchy of authority must be observed and followed at all times. Organizational structure is one of the change management practices that are supposed

to be aligned in such a way that it supports the desired change (Pearce and Robinson, 2005).

A flexible organizational structure is likely to adapt more easily to changes than a mechanistic structure. The study further established that the National Treasury was recently restructured by establishing four technical Directorates and one administrative and support services Directorate in order to effectively address the inherent weaknesses such as having too many departments with no clear working relationship. Decision making structure was re-defined leading to better co-ordination of service delivery.

The study revealed that not all the stakeholders were involved in the entire strategic change process as it was not possible to involve everybody. However, National Treasury worked through committees and interdepartmental taskforces with members appointed from across functional departments. The findings are consistent with the findings of Burnes (2004) who found out that a deeper level of involvement is required if successful behaviour change is to be achieved. Stakeholder's involvement is a major part of high performance work systems which is very crucial to successful strategic change especially to situations that require altitudinal and cultural change.

The study revealed that only the top level management officials and a few in the middle level were charged with the responsibility of planning and designing strategic changes at the National Treasury through interdepartmental taskforces and brainstorming sessions. However, it was found out that adequate training, top down communication and sensitization of the desired change was facilitated to ensure

effectiveness in implementing the strategic change. The findings also revealed that the National Treasury greatly uses change process task forces which are formed to plan and implement the designed changes.

The senior management team members are charged with the responsibility of reviewing the strategic change management practices appropriate for the National Treasury taking into consideration the organization culture acceptable by the public service organizations in Kenya. The study findings established that the roles of change leaders were clearly understood though there was lack of relevant expertise by change leadership culminating to lack of motivation. Experience is a key proponent of change since it serves as a key ingredient to managing and integrating ideas to achieve the desired change. It was established that the human side of change like stakeholders involvement in the change process, ownership of the change, culture and communication are not addressed adequately.

The National Treasury uses circulars letters from the Head of Public Service, internal memos, seminars and workshops, as a way of communicating to stakeholders regarding strategic changes. These communication modes were found to be ineffective as communication giving instructions trickle down from top to bottom but channels for serious feedback from down- up were found to be lacking. It was also found out that consultants had been brought in the National Treasury to head the strategic departments like the directorate of debt Management and budgetary department.

The challenges encountered from the strategic change management practices at the National Treasury were found to be both systemic and behavioral resistance. The

findings indicated that systemic resistance was concerned with organization design, organization culture and resource limitations while behavioral concerns from individuals and collective resistance to change were not greatly encountered. It was revealed that the National Treasury adopts a bureaucratic organization structure which is long and complicated, therefore slowing the change process. However, it was indicated that the National Treasury was recently restructured by establishing four technical Directorates and one administrative and support services Directorate in order to effectively address the inherent weakness such as having too many departments with no clear working relationships. Decision making has been redefined and workload at the top level has significantly reduced. Little resistance to change was experienced due to the bureaucratic nature of the public service ministries whereby instructions on how to execute specific strategic change management process were issued and stakeholders were expected to follow them. Strategies to deal with such resistance were very effectively executed.

Nevertheless, gossips, grapevine, grumbling and complaints about the process, anxiety, which are common signs of resistance to change, were reported to be regular during the process. The findings indicated that the business dimension of change was very well planned. However, there was a general lack of the people's dimension of change due to lack of involvement of all stakeholders in all levels of the National Treasury. This meant that there was general lack of ownership by the stakeholders, lack of communicating the right information at the right time and inability to assess the Ministry's readiness for strategic changes.

The findings revealed that during reinforcement stage, education, teambuilding programmes and communication strategies were used. These were geared towards

changing the attitude of the stakeholders and informing them of the intended strategic changes and how they were expected to operate in order to fit into the new culture of carrying out the National Treasury's businesses. In addition, facilitation and support strategies were also used to ensure that stakeholders adapted to change processes appropriately. Further findings indicated that power-coercive strategy was used on management's assumption that individuals would basically complain and generally do what they are told to do or could be made to do. This showed that change was based on the exercise of authority and the imposition of sanctions. However, negotiation and agreement, manipulation and cooptation were found not to be ingredients of the National Treasury change process, especially at the implementation stage.

The study established that key performance indicators for the National Treasury ranged from efficient mobilization and allocation of resources, enhanced accountability, re-engineering integrated financial management information system (Ifmis), optimal utilization of Government resources, enhanced efficiency, effectiveness and transparency in management of government projects, an efficient and effective workforce, and quality service delivery, among others. The National Treasury performance information was accessible through the National Treasury Website and the Central Planning and Project Monitoring Unit of the National Treasury. The National Treasury offers promotions and employee development as incentives. However it was found out the government promises rewards for excellent performance and sanctions for poor and very poor performances.

Further revelation was that the National Treasury signs performance contract with the government. Performance targets are then broken down to departmental targets and finally to individual targets. Individuals were subjected to a very vigorous

performance appraisal systems whereby it was imperative for them to meet their individual targets which will translate to departmental performance and finally to the National Treasury Performance. It was also established that in the performance contract the government promises an award of a bonus of one month's basic salary for excellent performance and sanction in form of warning/cautionary letter for poor performance and dismissal/termination of appointment for very poor performance.

It was also found out that the benefit experienced from effective strategic change management practices at the National Treasury were improved stakeholders' satisfaction due to improved service delivery. The findings indicated that the factors that determined the major outcome of strategic change included organization culture like the government's promise of reward/sanctions, stakeholder's values and beliefs, provision of adequate resources, support systems and organization structure. These findings were supported by the view of Mitzberg and Quinn, (2002).

#### **4.4 Discussion of Findings**

From the study, it was apparent that strategic change management at the National Treasury was a process with various phases and practices by the management and the stakeholders. This is consistent with Kotter's (1995) view that strategic change management is a process that goes through a series of different phases and practices that advocate establishment of the guiding team, development of a vision and strategy, consolidation of gains of change as well as making change stick. Such practices were evidenced in this study as practiced in the National Treasury. The senior level management team constitutes task forces and committees from across functional lines

to guide the change process, there was adequate communication and strategies to assist in adapting to those changes were put in place.

The strategic change management practices at the National Treasury were guided by the ministry's vision. Annual strategic plans are developed to set the performance desired by the National Treasury. Benefits from such practices were also recognized whereas resistance to change was found to be minimal. This could be compared with Lewin change model highlighting the reinforcing of new patterns and leadership put in place to manage the people side change at the National Treasury. These findings are consistent with the Attribution theory; on which this study is anchored. The theory is concerned with how individuals attribute various causes to events and the process of assigning the cause of performance to some internal or external characteristics citing success or failure dynamics as either controllable or uncontrollable. If the individuals involved in the change process think that the outcome could be stable, it is likely to be the same the next time as well, and vice versa. Attribution could be either internal or external.

According to this study, resistance to change was minimum thus improved efficiency and effectiveness of the outcomes of the strategic change management. This has been attributed to the National Treasury's culture which is bureaucratic in nature and rare. This resource (culture) did have significant effect on the change management practices at the National Treasury. The findings are supported by the Resource Based Theory which contends that a resource like organization culture is valuable to the extent that it helps an organization create strategies that take advantage of opportunities and eliminate threats. Although most government ministries do not

struggle to be profitable or to satisfy stakeholders, the National Treasury, being the custodian of Kenya Government's economic activities requires it to have an enabling environment in which it can operate effectively and efficiently. This has been made possible by the legendary organizational culture which also demands that management must be committed to the strategic change process.

The finding is consistent with Patrick (2008) who studied the effectiveness of change management practices at Water Conservation and Pipeline Corporation and established that high resistance to change contributed to lowered effectiveness in change management practices within the organization. The strategies used by the National Treasury to assist stakeholders adapt to change included education and communication, among others. This study revealed that the National Treasury worked through committees and interdepartmental taskforces with members appointed from across functional departments, since it was difficult to involve everybody in the strategic change process. These strategies are consistent with the findings of Bowman and Asch (1987) that concluded that education and communicated strategy is based on the assumption that if people are given the rationale for change, they will see the need for it and therefore accept it.

However, lack of stakeholders involvement at the planning and designing stages is inconsistent with the findings of Burnes (2004) who found out that a deeper level of involvement is required if successful strategic change is to be achieved. The findings of this study are in line with the existing theories and empirical studies.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This Chapter presents the research summary of findings, recommendations and conclusions, limitations of the study, suggestions for further research and way forward in regard to the influence of strategic change management practices on performance of the National Treasury in Kenya. Findings have been summarized alongside the study objective, conclusions have been drawn from the study and recommendations for action have been suggested.

The purpose of this study was to establish the influence of strategic change management practices on performance of the National Treasury in Kenya. A case study design was used and primary data was collected using an interview guide whereby five members of senior management team were interviewed. The results were analyzed using content analysis.

#### **5.2 Summary**

The study revealed that there were a number of strategic changes that had taken place at the National Treasury. Those strategic changes were technological changes, administrative changes, structural changes and people changes. The drivers of the strategic changes were both external and internal. Those changes were planned and in some remote cases emergent. The strategic changes were a process with various phases. The organization structure was a major challenge towards strategic change management at the National Treasury which adopted a bureaucratic organization

structure. The hierarchy of authority was strictly observed and followed. However, re-structuring was recently carried out that established four technical Directorates and one administrative and support services Directorate.

It was established that not all the stakeholders were involved in the entire strategic change process. However, National Treasury had established committees and interdepartmental taskforces with members appointed from across functional departments. Training, constant communication and sensitization of the desired change was facilitated to enable the stakeholders adapt to the desired strategic changes. The roles of change leaders were clearly understood though there was lack of relevant expertise by change leadership culminating to lack of motivation. The human side of change was not addressed adequately. Circulars letters from the Head of Public Service, internal memos, seminars and workshops are used as a way of communicating to stakeholders regarding strategic changes.

The challenges encountered were both systemic and behavioral resistance. Little resistance to change was experienced due to the bureaucratic nature of the public service ministries. Strategies to deal with such resistance were very effectively executed. The National Treasury business dimension of change was very well planned although there was a general lack of the people's dimension of change. The National Treasury was recently restructured by establishing four technical Directorates and one administrative and support services Directorate in order to effectively address the inherent weakness such as having too many departments with no clear working relationships and decision making was redefined.

During reinforcement stage, education and communication, facilitation and support, power-coercive strategies were used to ensure that stakeholders adopted to change processes appropriately. It was also clear that the National Treasury, like any other government ministries signs a performance contract with the government. The key performance indicators for the National Treasury ranged from efficient mobilization and allocation of resources, enhanced accountability, re-engineering integrated financial management information system (Ifmis), optimal utilization of Government resources, enhanced efficiency, effectiveness and transparency in management of government projects, an efficient and effective workforce, and quality service delivery, among others.

The National Treasury performance information is accessible through the National Treasury Website and the Central Planning and Project Monitoring Unit of the National Treasury. Promotions and employee development are offered as incentives in addition to the rewards for excellent performance and sanctions for poor and very poor performances promised by the Government. The factors that determined the major outcome of strategic change included organization culture like the government's promise of reward/sanctions, stakeholder's values and beliefs, provision of adequate resources, support systems and organization structure were the determinant of the outcome of the strategic change at the National Treasury. The benefits experienced from effective strategic change management practices by the National Treasury were improved service delivery and stakeholders' satisfaction.

### **5.3 Conclusion**

The objective of this study was to establish the influence of strategic change management practices on the performance of the National Treasury in Kenya. Arising from the findings, all the respondents were aware that technological changes, administrative changes, structural changes and people changes had taken place since they were in the management team of the National Treasury for over seven years. The driving forces of strategic changes were both external and internal factors.

Strategic change management at the National Treasury is a process with various phases. The National Treasury was recently restructured by establishing four technical Directorates and one administrative and support services Directorate in order to effectively address the inherent weaknesses such as having too many departments with no clear working relationship. The bureaucratic organization structure is a major challenge towards strategic change management practices. A flexible organizational structure is likely to adapt more easily to changes than a mechanistic structure.

The National Treasury, as it is the tradition with all government ministries does not involve all the stakeholders in the entire strategic change process. However, National Treasury has established committees and interdepartmental taskforces with members appointed from across functional departments who are charged with the responsibility of spearheading strategic issues through brainstorming sessions. The practices adapted to involve stakeholders in implementing strategic changes include training, top down communication and sensitization of the desired.

The human side of change such as stakeholders' involvement in the change process, ownership of the change, culture and communication are not addressed adequately. According to Nelson and Quick (2008) effective communication about change and the reason for change reduce speculation and allay unfounded fears. The challenges encountered in the strategic change management at the National Treasury were both systemic and behavioral resistance. Little resistance to change was experienced due to the bureaucratic nature of the public service ministries. Strategies to deal with such resistance were very effectively executed. The strategies used to assist employees adapt to change include education and communication education and communication, facilitation and support and power-coercive.

The National Treasury, like any other government ministry signs a performance contract with the government. The National Treasury performance information is accessible to the stakeholder. Incentives are given in form of promotions and individual development in addition to the rewards for excellent performance and sanctions for poor and very poor performances promised by the Government. Benefits experienced from effective strategic change management practices were improved service delivery and stakeholder's satisfaction. The factors that determine the major outcome of strategic change included organization culture, stakeholder's values and beliefs, provision of adequate resources, support systems and organization structure.

The researcher encountered various limitations which could have affected the outcome of this study. Key among the limitation was the design chosen by the researcher, which was a case study. This limited the scope of the study hence the findings of this study may only be applicable to the National Treasury and not directly

applicable to other government ministries, departments and agencies. In addition, getting the Principal Secretary to approve request for data collection in the National Treasury was a long process which was very time consuming. Considering the nature of public service confidentiality and prevention of unauthorized access to information, it was challenging for the researcher to convince the respondents to answer some interview questions. All the respondents were very cautious not to give information that they considered sensitive. This made accessibility to information very challenging.

From the above findings, the researcher concluded that performance of the National Treasury improved due to the existing strategic change management practices. Arising from the findings, it is evident that there is a positive relationship between strategic change management practices and the performance of the National Treasury.

#### **5.4 Recommendations**

The study recommends that public ministries should be encouraged to generate their strategic changes internally instead reacting to changes from external factors like Government legislations, policies and national budgets, Vision 2030 in order to initiate strategic changes. Internally generated strategic changes are easily accepted by the stakeholders. The study further recommends that government ministries undergoing change process should communicate more and sensitize all stakeholders about the intended change and what ministry seeks to do and the role of every stakeholder. Channels of feedback should also be established.

In order to overcome the challenges encountered in the strategic change management at the National Treasury the researcher recommends a review of the organization design and organization culture. The study further recommends that the National Treasury should consider an organic and flatter organizational structure whereby major functions are decentralized thus enhancing efficiency, flexibility and speed of execution.

### **5.6 Suggestions for Further Studies**

This study was conducted in one government ministry in Kenya. It would be important to conduct a comparative study with other government ministries, departments and agencies in order to establish the differences and similarities on the relationship between strategic change management practices and performance in the public sector in Kenya.

The researcher also recommends that a survey design could be used instead of a case study design. This is because generalizing the results of a case study is limited as compared to survey which would give a better indication of the relationship between strategic change management practices and performance of public sector in Kenya. It is recommended that a study be carried out to establish the level of success/failure in adoption of various strategic management practices in organizations. Strategic change management practices may impact positively or negatively on performance. This will assist in determining the most successful practices in the strategic change management.

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## APPENDICES

### APPENDIX 1: INTERVIEW GUIDE

#### **PART A: GENERAL INFORMATION**

1. Job Description .....
2. Gender .....
3. Number of years worked in the National Treasury? .....

#### **PART B: STRATEGIC CHANGE MANAGEMENT PRACTICES**

1. Are you aware of any major strategic changes that have occurred at the National Treasury recently? If yes, what type of strategic changes are they?
2. What are the driving forces of strategic changes at the National Treasury? Are the strategic changes planned or emergent?
3. Does the National Treasury consider the impact of strategic change management practices on the stakeholders before introducing it. Are the stakeholders involved in the strategic change management process at the National Treasury?
4. What role is played by leadership in managing strategic change at the National Treasury? In your own opinion, is there effective leadership as pertains to strategic change management at the National Treasury?
5. How is the strategic change communicated to the Stakeholders?
6. What challenges does the National Treasury encounter in the implementation of strategic change?
7. Who is in charge of strategic change management issues at the National Treasury?
8. What Strategies has the National Treasury adopted to assist stakeholders adapt to change?

## **PART C: PERFORMANCE OF THE NATIONAL TREASURY**

1. What are key performance indicators at the National Treasury?
2. Is the National Treasury Performance Information accessible to all its stakeholders?
3. Do you think the National Treasury's performance is closely linked to the strategic change management practices?
4. Is Performance Contracting practiced at the National Treasury?
5. What are the benefits of effective strategic change management practices at the National Treasury?
6. What factors determine major outcomes of the strategic changes at the National Treasury?



## APPENDIX II: UON LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS

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

P.O. Box 30197  
Nairobi, Kenya

DATE... 5<sup>th</sup> OCT 2016...

THE PRINCIPAL SECRETARY  
THE NATIONAL TREASURY  
NAIROBI

TO WHOM IT MAY CONCERN

The bearer of this letter ..RACHEAL W. N. NAHOLE.....

Registration No. DE/111064/2015.....

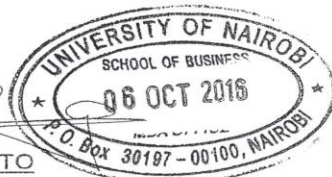
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.

  
PATRICK NYABUTO  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS



**APPENDIX III: NCST&I RESEARCH AUTHORIZATION**



**NATIONAL COMMISSION FOR SCIENCE,  
TECHNOLOGY AND INNOVATION**

Telephone: +254 20 318244  
254 20 318245, 318246, 2719420  
Fax: +254 20 318245, 318249  
E-mail: secretary@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

PO Box 30620, Nairobi  
Nairobi, Kenya

Ref No: **NACOSTI/P/16/63633/10407**

**19<sup>th</sup> October, 2016**

Racheal W. N. Wahome  
University of Nairobi  
School of Business  
P.O. Box 30197 - 00100

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“influence of strategic Change Management Practices on the Performance of the National Treasury in Kenya”*, I am pleased to inform you that you have been authorized to undertake research in the **National Treasury, Nairobi County** for a period ending **19<sup>th</sup> October, 2017**.

You are advised to report to the **Principal Secretary, National Treasury; the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

A handwritten signature in black ink, appearing to read 'Dr. Stephen K. Kibiru'.

**DR. STEPHEN K. KIBIRU, PhD.  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The Principal Secretary  
The National Treasury.

The County Commissioner  
Nairobi County.

The County Director of Education  
Nairobi County.

## APPENDIX IV: TNT RESEARCH AUTHORIZATION



### REPUBLIC OF KENYA THE NATIONAL TREASURY

Telegraphic Address: 22921  
Finance – Nairobi  
FAX NO. 310833  
Telephone: 2252299  
When Replying Please Quote

THE NATIONAL TREASURY  
P O BOX 30007 - 00100  
NAIROBI

Ref: MOF/TE.158/01/A/(43)

Date: 31<sup>st</sup> October, 2016

Mrs. Rachael W. N. Wahome  
National Treasury  
NAIROBI

#### RE: RESEARCH AUTHORIZATION

---

This is to inform you that the Principal Secretary, National Treasury has approved your request for authorization to collect data for your MBA project on the "Influence of strategic change management practices on performance of the National Treasury in Kenya".

A handwritten signature in black ink, appearing to read 'Boniface Simba'.

**BONIFACE SIMBA**  
**FOR: PRINCIPAL SECRETARY/NATIONAL TREASURY**



ISO 9001:2008  
Certified.