

**THE EFFECT OF STRATEGIC CHANGES ON THE GROWTH OF  
PRINTING FIRMS IN KENYA**

**BY**

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**DECLARATION**

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

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This research project has been submitted for examinations with my approval as the university supervisor.

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## **DEDICATION**

I dedicate this work to my family and all those who supported me in the completion of this project.

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## ABSTRACT

The objective of this study was to assess the effect of strategic change on the growth of printing firms in Kenya. The study adopted a survey study research that adopted a descriptive research design. Data was collected using questionnaires administered to employees of the sampled companies and analyzed using descriptive statistics. The findings indicate that the major strategic change practices implemented to a very great extent by companies in Kenya's printing industry included adoption of latest technology in printing, changing of employee attitude towards new technology, replacement of the company's obsolete assets, introduction of new technical requirements, outsourcing of non-core operations, and decision to be involved in a partnership programs. Other strategic change practices adopted to a great extent include increasing expenditure on advertising, changing components of the organization through divestiture and/or acquisition, re-designing distribution channels, introduction of new product brands, the decision to be involved in mergers, the introduction of competitive pricing, reducing management levels, being involved in strategic alliances and sell;-offs. From the findings, majority of the respondents indicated that the firm has, increased its market network to other regions in the country, enhanced quality of services compared to rivals in the industry, adopted effective strategic responses towards external and internal changes faced by the company and has experienced high customer satisfaction to a very great extent. This implies that high levels of performance may result in adoption of strategic change practices. The study found that the firms achieved competitive advantage over their rivals in the market; increased profitability, gained high returns due to effecting Strategic change practices and increased volume of revenues. Based on the findings in relation to specific objective, the study concluded that strategic change practices positively influence organization growth. The study concluded that strategic change implementation influence organization growth positively to a great extent resulting to increased organization profitability, business turnover and volumes of sale. The study concludes that the most effective strategic change practice in enhancing organizational growth is evolutionary strategic changes while the second most effective strategic change practice in enhancing organizational growth is strategic reconstruction change. The study recommends that organizations should focus on adopting strategic change practices so as to improve organizational performance and growth hence increased customer base, asset quality, quality of service and increased market share and that for a company to grow it must ensure that strategies are implemented and offer clarity and guidance on how to implement this changes. The study's limitations included limited time set aside for the research and the limited scope of study.



## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>BSC</b>	Balanced Scorecard
<b>GDP</b>	Gross Domestic Income
<b>IO</b>	Industrial Organization
<b>IT</b>	Information Technology
<b>KAM</b>	Kenya Association of Manufacturers
<b>TRS</b>	Returns to Shareholders

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Organizations around the world have tried to change themselves in the past decade due to the infinite variety of pressures to change including globalization of markets, spread of IT and computer networks and the changing nature of the workforce (Solocum & Heuriegel, 2008). Change in modern business has been caused by a world characterized by fierce competition and uncertainty and thus it is imperative for companies to change in order to remain competitive (Guidroz, Luce & Denison, 2010). Today, with all the chaotic turbulence, success of commercial and global environment is dependent on effective strategic change management. Usually strategic change is provoked by some major outside driving forces.

Change is inevitable in most entities with increased level of developments in global, economic and technological areas (Fedor & Herold, 2005). Change can also be triggered by external dynamics which are changes in the environment. Typically, organizations must undertake strategic wide changes to evolve to a different level in their life cycle (Mullins, 2007). All these factors have a bearing on the way in which an organization functions since there are many dimensions involved in changes in firms and impacts that are unexpected meaning that for initiation of major alterations must comprehend their planning scale in order to carry out a cost benefit analysis (Rees & Porter, 2008).

This study was anchored on the industrial organization (IO) theory that indicates implications that are significant when business strategy and its environment are fit on its growth and Resource-based theory which states that firms should look at the resources within the company to gain an advantage over rivals. Resources and strategies possessed by a company need to be of value, rare, imitable in an imperfect

way and unable to be substituted. The industrial organization (IO) theory argues that an understanding of what contributes to the success of businesses in a constantly changing environment such as changes in the operating environment; convergences in economic systems and technological change facilitate the need for constant strategic changes in an organization. The resource-based theory provides a rationale for competitive strategic changes that enhances firm growth. In the resource-based approach, sharing of resources or capability such as technology and specialized human capital can create tremendous value in the firms (Miller, 2006).

According to (Kenya economic watch report, 2015) Kenya's printing industry contributes to a whopping 1.2 % to Kenya's GDP. The sector is employing over 50,000 people directly and is estimated to employ over a million indirectly. The sector is projected to experience growth of 5% annually and the same growth is projected for job opportunities generated from the sector. The relevance of the sector to Kenya's economy is therefore undisputed. However, the industry is undergoing revolutionary changes which have brought about new realities in the industry set off increasing globalization and fast paced technological advancement that has made constant change in this industry inevitable. With advancements in trade liberalization it has been observed that the number of new players entering the sector has considerably increased over the years. This in turn has resulted in cut-throat competition among the players resulting to major strategic changes.

### **1.1.1 Strategic Change**

According to Marcus and Stake (2014) views strategic change as an alteration of firm's visions and objectives, aiming at success that is greater. strategic change is a way of changing the objectives and vision of the company in order to obtain greater success. It is also defined by (Roderick, 2010) those changes with regards to strategy by company aiming at altering either the scope of business resource deployments, competitive advantages, and synergy. For Dessler (2009) change in strategy simply means change in an entity's mission and vision. Therefore, it is a strategy employed by a company that seeks to increase profitability. This strategy takes the organization away from its markets, product or competencies (Johnson & Scholes, 2008).

Dessler (2009) indicates an entity change as a process that begins with change in strategy, meaning that its mission and vision will change. As an organization changes its strategies, there can be other alterations occurring in the firm's technological, structural and cultural sector. This implies that firms must quickly adapt and develop their capacity. Unfortunately, such an environment pose a limitation to companies according to (Soparnot, 2005). Thus, change implementation is vital if exterior environments are to be adapted in a strategic way. Through rapid detection of change indication that are early and more probable to be acted upon can help achieve the goal.

Changes in firms cannot be spontaneous regardless of whether a firm's single department needs to be reorganized, the strategy form affect the entity wholly and strategy changes in its culture or resources such as human capital. The changes are coercing by emerging challenges and occasions in a firm and the changes led by leaders. With constant technological advances and market globalizations, companies

are faced with uncertainties and instabilities and hence must find ways to adapt constantly. Firms can even consider changes that are more pronounced and significant when it is fundamental. Changes as such is what encompass strategic changes (Hafsi & Fabi 2007).

### **1.1.2 Organizational Growth**

An organization is said to be grown if when measured against the ideally set goals/objectives there are some real output or results. The three areas of company associates with growth include growth in finance, product market growth and shareholder return Delmar (2007). Richard, Devinney, & Johnson (2009) define organizational growth measurement as involving an individual, group or firm, whose growth rate is gauged by collected, analyzed and reported information. There are vast indicators of company size for example the growth indicator measured by growth in assets. It ought to be noted that measurement of asset growth can cause problems in measuring size of entity. Economic growth process importance is indicated in intangible assets. Moreover, sampled industries vary in capital intensities.

The most important measure of company growth is the growth in sales brought about by either long term or short term changes by managers and entrepreneurs. However, its growth indication may not only be a function of value addition but also price increment. In addition, the level of employment of a firm is also a clear indicator of an entity growth which could be a preferable measurement strategy compared to that of sales since it does not deflate. Therefore, for cross country or multi-industry analysis, employment indicator is much useful. Its usefulness is limited to large companies as measurement of growth via employment indicators in small firms may be robust such that it manipulates sales and profit reports.

Growth measurement can occur through interior study of firm or process parameters that seek to ensure output coincide with achievement goal. It is vital for management of the company's value. Types of growth academicians have used include, finance, business, innovation, operational and quality growth. At the same time, they have examined how external environment factors and growth relate (Zehir, 2012). These growth measurement systems identify the basic measurements of organizational growth as efficiency in productivity, improved quality, improved financial growth and shareholder return. Other measures of organizational growth include efficiency in asset utilization, cost reduction, enhanced business and customer satisfaction.

### **1.1.3 Printing Industry in Kenya**

Printing industry in Kenya has grown over the past years since the establishment of the first printing press in Kenya the year 1895. The government press which established the first printing plant in Kenya, opened door for many other commercial printing firms later. In the last 15 years, there has been alterations that are revolutionary in the Kenya's Print Industry. There was initiation of reform processes in 1990, that called for liberalization of Kenyan economy to she protectionism. Integration of local firms with the worlds was initiated through privatization. With such, Kenyan Print Industry was able to modernize as they incorporated lasted technologies and machines which fluctuated.

There are two main reasons to the growth of the sector. The World Bank 2012 attributes the first reason to education spread of over 66 percent. As education level increases, so is the literacy level which further leads to a rapid growth progression among Kenyan industries. Hence, there is a positive and direct effect of increased level of literacy on regional paper circulation rise (KAM, 2014).

The printing industry 15 year of revolutionary change is due to automation progress, globalization and liberalized regimes. Use of the latest technology and machinery contributes to increase of quality in products and their capacities and these have enabled the firm to grow leaps and bound. There is continual progress of the industry as it shifts from use of heavy machines to a business that is software centric for instance, through use of the latest development i.e. printing machines that are computer controlled and binding flow lines. The Kenyan market is also increasing its use of UV digital printing and inkjet technologies, considered state-of-the-art technologies that pre-press use. With increase in global brand, consumerism and industrial growth, the package printing scope has also been increasing as the Kenyan public sector booms as a result of availability of technology.

### **1.2 Research Problem**

Organizations use strategic management practices to ensure growth and proactively manage changes from the external environment. Strategic change has in the recent past become a common practice in organizations. This is because without change, firms will hardly survive and how firms handle the changes will either make or break it.

Maginn (2007) and Kehone (2007) argue that all organizations are constantly changing and organizations either changes or withers away. More recent experimental explications examined that corporates that adopt strategic change perform well and achieved their goals as far as sales and profit growth is concerned rather than other corporates. Therefore, it's obvious that practicing the strategic change in any business will show better growth compared with to non-planning system, aimed at assisting corporates in change prediction and continue offering their goods and/or services (KAM, 2014).

The printing industry in Kenya has experienced a challenging business environment over the years given the cut throat competition by other players in the industry and the slow growth of the economy. Players in the industry use change management practices to transition the organization from their existing state to a desired future state. There has been of a more strategically focused printer over the last decade through a shift to a more market focused or customer oriented business mode from the one that was industry centered. Through strategy implementation, there also has been improvement in profits since there are diverse solutions in the company a business model can design and printer select such as specializing in product narrow printing of wrappers/labels/direct mails or a specialty in a vertical market segment like healthcare, travel or entertainment. While commercial printers offer variety of products and services that are printed, those involved in providing communication service entail printing, management of database or mailing. Most of these printing firms have also turned to outsourcing of non-core business functions like human resource management and marketing so that they can concentrate on their core business functions and cost reductions. There has also been increased investment in training and development hence job and task rescheduling. Another development is in total quality management and this has led to loss reduction, waste management and cost reduction. Some companies have also formed strategic alliance to increase revenue growth and reduce running costs.

Several scholars have examined and provided insights considered useful on research directions in the field of strategic change management. Askarany and Yazdifar (2012) investigation of how firms either or not in the manufacturing sectors grow in relation to adoption of strategic changes in New Zealand, found out that, the relationship was



significantly positive. Gichunge (2007) examination of formal strategic management of change impact on medium sized manufacturing firm performance in Nairobi, showed strategic change had little or no impact and organizational growth. Kibwana (2012) looked at practices involving change in strategy in Coast Province of Kenya, examining the extent to which management change strategy seen as formal was adopted. It also did not leave out in its study, how factors in the legal or administration level affect strategic change management adoption. Results showed that strategic change had been adopted to a very great extent while administrative/legal factors negatively influenced strategic change adoption.

Mbogo (2003) study of the process of management strategic change in Hybrid private public firms on Kenya Commercial Bank and found that banks ensured defined objectives, assessed formulation strategies both exterior and interior, implemented the strategy, evaluated the progress, and made vital adjustments so as to be in line with strategic change management process. Marangu (2012) looked at employee perception on the impact of practices involving management of strategic change and performance at Kenya Power and Lighting Company Limited. Results showed that strategic change had significantly enhanced organizational performance. From the above studies, it is quite evident that there has been a bias in the research conducted as they have tended to focus on strategic change management practices adopted by organizations but there have limited studies which have focused on how strategic change management practices adopted by organizations have impacted on the firm's growth. This study seeks to fill gaps in knowledge by attempting to answer the research question: What is the effect of strategic changes on the growth of the Kenyan printing firms?

### **1.3 Research Objective**

To determine the effect of strategic changes on the growth of printing firms in Kenya.

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

The study would benefit the management of Kenya's printing industry investors and other business practitioners in understanding how strategic changes affect business growth and hence be able to make proactive changes aimed at hedging the risks associated with strategic changes exposures and be able to protect its profits. The management would also be able to react to international competition so that it can sustain and grow its share of international markets as well as being consistently able to adapt to changes in the business environment.

Policy makers are usually informed by research findings that attempt to explain a phenomenon or address an existing knowledge gap. The findings and recommendations of this study will enhance effectiveness of policy decisions. The Government of Kenya and the industry policy makers will be able to make informed policy adjustments either in terms of policy changes, renewed bilateral trade negotiations, structural adjustments or even reviewing its trade liberalization policies. Kenya's printing industry investors and other industry players will find the information useful in understanding how strategic changes affect business growth.

Based on all conducted research studies in Kenya, an observation was made that the research work done was not sufficient and hence creating a gap that requires filling by business researchers or scholars in the present or future. The findings of this study will therefore be useful to future researcher and scholars as the information will form a basis for their literature review, establishment of knowledge gaps and proving a guide towards a particular school of thought.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of the theories that guide, the study, types of strategic changes, types of organizational growth, an empirical review of literature regarding strategic change and how it influences organizational growth.

### **2.2 Theoretical Foundation**

This study is grounded on the industrial organization (IO) and the Resource based theories that are discussed below.

#### **2.2.1 The Industrial Organization Theory**

Industrial organization theory as first introduced by Edward Chamberlin in 1933. Venkatraman & Prescott, (1990) positions the theory as a fit between a strategy in business and its environment to figure out its implications on growth good capture by the “principle of co-alignment or contingency or consistency”. Thus, through strategic change, businesses can adapt to force upon exterior environment requirements (Hannan & Freeman, 1976). In the IO-based model, a company deliberately responds to imperatives in the industry to earn a competitive advantage via strategic changes that are business sustained (Porter, 1980).

Through formulation and implementation of effective strategic changes, businesses can successfully adapt to such pressures and thus their survival and prosperity. Failure for adaption is the catalyst for failure (Collis, 1991). In the IO approach, the exterior factors are the most significant and their dimensions ought to be enriched as mentioned by Andrews’ (1971) corporate strategy model.

The model maintains that for a sustainable competitive advantage by entities, strategies that are exploitative of the internal strengths should be implemented, achieved by a response to environmental factors. At the same time, exterior threats are neutralized while the interior weaknesses are avoided (Andrews, 1971; Hofer & Schendel, 1978). This theory therefore postulates that effective strategic changes enhances organizational performance and hence forms the basis for this study.

### **2.2.2 Resource Dependence Theory**

The theory originated in the 1970s with the publication of *The External Control of Organisations: A Resource Dependence Perspective* by Jeffrey Pfeffer and Gerald R. Salancik. The environment is constantly changing and hence need for constant strategic evaluations and changes to adapt to the constantly changing environment. The resource-based theory hence provides a rationale for strategic change. Business strategic changes are essential for meeting company resource criteria (Armstrong, 2010).

In the resource-based approach, resources or capabilities like specialized human capital, technological knowledge, or managerial expertise have the potential to create value when strategy is matched with such resources (Miller, 2006). The resource based theory merges economic concepts on firms (Penrose, 1959) and strategic management (Barney, 1991). According to the theory creation of an enterprise's economic value is done by product and service production that offer great value at same costs with their rivals or lower cost products and services with similar value as that of competitors.

Sustainable competitive advantage is attained by using the same resources under different circumstances which result in economies of scope and quasi rents. In particular, unique path dependent resources, which are in short supply in the marketplace, can be leveraged across related product lines and provide higher rents. Value is created since these strategic assets are very difficult to imitate or to substitute by other resources (Markides & Williamson, 2006). The type of strategic change therefore strongly depends on the resource specificity of the company (Chatterjee & Wernerfelt, 2001).

### **2.3 Types of Strategic Changes**

All firms desire a sustainable competitive advantage. Researchers and academicians who have focused on strategic change have attempted to contribute to literature through the examination of conditions under which arrangement of precise practice, structures and resources will cause a competitive advantage considered sustainable. (Vandeven & Poole, 2005) defines strategic change as a company continual alteration in form, quality and state. Kotler (2008) defined organizational change as any alteration of activities in an organization.

Throughout their existence organizations encounter many forces/drivers of change. The origin of these forces may be internal or external to the organization. Weick (2000) postulated that, internal forces for change usually originate from inside the organization and may manifest themselves in signs such as low morale, low productivity as well as conflict. Basically internal forces for change can originate from problems related to human resource as well as managerial behavior (Weick , 2000).

Organizations have control over internal forces that is great emanating from within the firms and in most instances, these forces can be handled proactively through proactive strategic changes such as to train, to develop, redesigning, recruiting, compensating, plant and equipment investment, modernization, joint ventures, contracting, mergers and strategic reorientation. Strategic change in organizations also occurs when changes of external environment occur. The environmental changes that are external may act as motivation for altering of strategies, where some of the decisions made about strategies are as obvious (Mohrman and Mohrman (2011)).

Mohrman and Mohrman (2011) argued that there are trends in the environments that require firms to radically rethink about if they will effectively fit with the environment. Such environmental trends include, increment in competition, shareholders' change in expectation and developments in technology. In order to survive, strategies have to be devised to respond to the forces that threaten to halt survival. Companies respond to the challenges by implementing strategic changes such as cost cutting, adopting new technologies, competing on low prices or on high quality products or services, differentiating the products or focus strategies, expansion into new regions, operation cost reduction, restructuring and outsourcing of non-core activities. Strategic changes are grouped into four categories.

### **2.3.1 Adaptation Strategic Changes**

According to (Romanelli, 2011) an organizational adaptation strategic change is the most common form of change. Adaptation based literature on companies examines that overtime, companies change Stinchcombe 1965a; DiMaggio & Powell (1983) and strategic reorganization such as re-engineering is among the changes that occur

(Kilman & Covin 1988; Butler 1993) the relevance of organizational adaptation is as a strategy and a structure is increasing even with business environment that are dynamic. Organizations are forced to adapt to changes such as a shift to global market requiring constant expansion, innovations associated with technology that are never ending which means that businesses must be adaptive on a constant basis.

Adaptation strategic changes enable firms to survive a business environment, firms that fail to adapt or is too slow to adapt to technologies and or global competition close business. Firms may fail to adapt due its implementation strategy while successful implementation of the new strategy increases the ability of the organization to adapt to change and minimize disruption. Change resistance is a major obstacle to effective adaptability which may lead organizational ineffectiveness (Harvard Business Review, 2016).

### **2.3.2 Strategic Reconstruction Changes**

Reconstruction occur when structures in a company are greatly changed for instance management level reduction and possible change of a firm's components via divesture or acquisition. According to (Stinchcombe 1965a; DiMaggio & Powell 1983; Romanelli 1991) organizational strategic reconstruction changes required even when fast does not necessarily mean culture change i.e. reconstruction can be about cutting down some major costs deal with issues such as poor financial performance and that, does not impact on the firms' culture.

On the other hand, restructuring has to do with culture change as it entails a company's structure. It is usually a process where an economic model of the process is fist conducted to have an idea of how and where value is created and consider

whether required resources can be provided. Physical infrastructure alignment is the second stage followed by redesigning of the work architecture. In the final stage an organization that can constantly adapt to changes in the environment is developed (Johnson & Scholes, 1999).

### **2.3.3 Revolutionary Strategic Changes**

Organizational Revolutionary strategic changes are rapid and major changes. Revolutionary change is the change-by-mandate. This also includes change within the culture as result of intense environmental and competitive pressure that bring forth changes that are fundamental– i.e. when an entity is threatened by a takeover (Romanelli, 2011). A change is considered revolutionary if it is rapid and has major strategic and paradigm changes or where the change pose extreme pressure to the individual, group or firm.

Revolutionary change is seen in a leadership change or a crisis reaction. It is considered low risk and change will have the resources needed. However, change may not become part of the culture before focus shifts and may lead to loss of political. It is a challenge for business leaders to ensure competitiveness of their business with the disruption and turbulences they face. Using old strategies to counter the threats or even eye on a new opportunity can be heart arching as old strategies no matter how well they are implemented hardly work as they lack in compatibility with present wants (Harvard Business Review, 2016).



### **2.3.4 Organizational Evolutionary Strategic Changes**

Evolutionary strategic changes require an overtime culture change. The need for transformational change should be anticipated for by manager and proper planning on how and when to achieve the changes are made. Evolution could also be in terms of a firm adjusting its strategies according to the prevailing changes in environment. The effort required for implementation of transformative change is immense. An entity can only change if the leader changes in terms of behaviour and his/her mindset about work and personal change.

A revolution in a firm will only occur when there is a high level of readiness among staff members. A change that is quick requires a quick change of mind by staff, if impossible, recruitment of new staff is an option. Other restrictions to a revolutionary change is enormity and the transition task expense. When a firm is facing financial challenges, its likeliness to cause a transformational change is minimal. Nevertheless, when a firm restructures itself so that it can cut extra costs for instance through sale of part of the business incurring losses, it is possible for a business to reposition itself to cause a transformative change as it becomes more sound and financially stable (Harvard Business Review, 2016).

### **2.4 Measures of Business Growth**

Growth measurement is a very important aspect of business activities to determine business performance and enable its improvement through better customer, employees, owners and stakeholder service. Firms are also made aware of their financial situation, showing the company's internal operation. When growth measurement criteria are effective, so is strategy implementation. According to Kaplan (2004) one of the best methods of measuring organizational growth is the use the balanced scorecard model. Since the model introduction in 1992, it has gained

vast acceptance as a performance measurement nuanced tool. In the private sector, it is used for strategic management (Kaplan & Norton, 1992; 1996, 2001; Yee-Chin, 2004).

The model attempts to address the process of strategy development and continuously monitors achieved strategies and measures performance. This, it does through financial, customer, internal business process and innovation and learning perspectives, said to be interrelated. When measures are applied to the four worldviews, evaluation seizes from being a control element and becomes a tool for putting strategy into action (Kaplan & Norton, 2001). The four perspectives objectives, measures, targets and initiatives can be integrated to the overall vision and strategy for support. BSC models therefore encompass a valuable strategic management tool that emphasizes on all aspects i.e. both financial and non-financial indicators such as satisfaction of customers, learning and growth.

Although there is a historic measure of financial performance based on sales volume and customer satisfaction, the measures are not sufficient and most firms cannot comprehend how such indicators fit within the strategy management essential for redesigning processes that are effective (Tenner & DeToro, 1996). Measurements alone are insufficient for improvement of performance assurance. Contemporary environments in business emphasize on creation and development of various stakeholders. For they realized, if they have to move forward, multidimensional and a system of performance measurement that is balanced. The strategy in now being widely used as firms now understand how an appropriately defined measure can cause

a firm's strategic alignment and strategy communication throughout the business (Najmi, Rigas, & Fan, 2005).

Wiley & Sons (2005) using the balance score card model explored Short-term growth indicators that underlie historical performance. This growth indicators fall into three categories: Sales productivity growth indicators explore the trends in sales growth and market share growth. Operating-cost productivity growth indicators explore the growth in efficiency ratios over time. Capital productivity growth indicators examine company's use of its financial capital using trend analysis on return on equity. Medium-term growth indicators include Commercial-health indicate a company's ability for sustaining or improving growth of revenue. Cost structure health growth indicators gauge ability of a company in comparison to its rivalry for overtime cost management.

Dobbs & Koller (2014) stated that Asset health growth indicators show a company's capability maintain and develop its assets. Long-term growth indicators in health shoe an entity ability to sustaining its operational activities, identifying and exploiting new growth areas. Finally, a company assess its performance through price of stock performance examination. Ideally, examination of a firm's performance in terms of stock market is to evaluate its progress. Stock market performance is determined by calculating total returns to shareholders (TRS) where appreciated share price is added to dividend yield, overtime. For purposes of this study the (Wiley & Sons (2005) and ( Dobbs & Koller, (2014)) model of growth measurement will be used.

## **2.5 Strategic Change and Organizational Growth**

A Nigerian conceptual study, recently done (Ujunwa & Modebe, 2014) investigated how in economic development, the capital market pivotal role affected strategic changes using a range of reviewed measures from regulations considered effective to macroeconomic environment that are favorable. The findings indicated the adoption of strategic changes ensured capital market efficiency and leveraged that capital market played a role in economic growth promotion. Askarany and Yazdifar (2012), investigated how the six proposed tools of strategic management diffuse through organizational change theory. They tried to find out an association between technique adoption and performance in entity both the manufacturing and the non-manufacturing one in New Zealand. According to findings, an entity performance was significantly related to new strategic management tools diffused

Gichunge (2007) looked at medium sized manufacturing firm in Nairobi, Kenya, to examine how formal strategies affected performance, ensuring he checked the extend to which the firm adopted the strategy and a further analysis of other factors such as the legal one and the extent of their effect on the adopted formal strategy. Results showed that adoption of any formal strategy enhanced organizational performance and that Organizations with formal strategy perform better than those without formal strategy.

A study by Pearce II and Zahra (1991) involving 139 of 500 fortune firms, found a positive relationship between strategic change and earnings per share of firms increase in firm customer base, asset quality, and quality of service, increase in production and increase in market share. They argued that in taking appropriate measure at the rightful time strategies seems to work in achieving set goal, and to explicitly enhance strategies that propel firm's performance positively. High levels of

performance in firms may be as a result of strategic change, as strategic change in organization strategies allows for change of taking a different course of action to ensure achievement of organization goal (Welch, 2000).

Rhyne (2005) in his study found that firms which adopted strategic change exhibited a performance, long and superior, relative to its entity and in absolute terms. He concluded that strategic change led to performance that is superior, increase profit, increasing market share, customer base and increase asset based.

According to (Rhyne, 2005) firm response to changes in their external and internal environments should be undertaken using strategic approaches as those actions, or choices of inaction, continually have performance implications in the organization. Strategic change help organization in managing the future as it directs the attention and actions of an organization. Thus, the assessment of strategic change becomes very crucial for firms seeking to improve their performance (Salamon, 2002).

In the Nigerian context, a study on management of strategy impact on performance was done to explore how the both were linked. Survey research design methodology was adopted. Findings showed a relationship between firm performance and strategic management which was positive (Lawal, Elizabeth, & Oludayo, 2012).

Another Nigerian study by Backook University sought to determine whether strategic planning affected corporate performance in university education. The university was used the case study also looking into finding out impact of strategic planning on management efficiency and effectiveness. A survey design was adopted with 283

being the sample size who were handed over questionnaires. From analysis of this study, with effective strategic planning was improved performance and growth.

A study from Nigeria concerning strategic management impacted on growth and development was conducted in a manufacturing firm named Anambra state. Survey design was the methodology used, where the population sample was 63 respondents who were selected from 21 firms surrounding Anambra site. The study showed that strategic management was not in the list of business practices among Anambra States. However, the tool was viewed as significant for use; improvement of competition, level of performance and development of structures (Muogbo, 2013).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research Methodology is a way to systematically solve the research problem where data used to collect, analyze, present and discuss the findings of the study. This includes details on the research strategy, the different categories of respondents and how the data was collected. Also the ways through which the different data sets was analyzed and presented is discussed.

### **3.2 Research Design**

Burns and Grove (2003) define a research design as a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. Parahoo (1997) describes a research design as a plan that describes how and when data is to be collected and analyzed. This study is a descriptive study and utilizes primary data. According to Burns and Grove (2003), descriptive research is designed to provide a picture of a situation as it naturally happens. The research involved administering of questionnaires to the general managers of the sampled printing firms in Kenya. The aim was to collect data on management opinion on the effect of strategic changes on organizational performance and analyzing such responses to answer the research objectives.

### **3.3 Population**

All the items under consideration in any field of inquiry constitute a 'universe' or 'population' (Kothari, 2004). Target population refers to the entire group of individuals or objects from which the study seeks to generalize its findings (Cooper and Schindler, 2008). The target population was all the top 50 printing firms in Kenya. A census survey was done where data was collected from the firms.

### **3.4 Data Collection**

Primary data was obtained through administering of questionnaires. The questionnaire was divided into two sections. Section (A) which captured general information about general characteristics of the organization while section (B) captured information on strategic changes embraced and the influence information on organizational growth. The respondents were the general managers of these companies and in their absences the directors of operations.

### **3.5 Data Analysis**

Once the data was collected, it was summarized, coded, classified and tabulated. Data classification reduces data into homogeneous attributes that enabled establishment of meaningful relationships between variables. Descriptive statistics was used to analyze data and included frequencies, percentages, mean and standard deviation. Data was presented in tables.



## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSIONS**

### **4.1 Introduction**

This chapter discusses how research findings were interpreted and presented based on the analysis done on data. The chapter also the study findings and analysis as set in the previous chapter. Data collection was done using questionnaires as the basic tool for research, designed according to objectives of the study.

### **4.2 Response Rate**

50 respondents were the targeted population for study, from top 50 printing firms in Kenya. Only 40 target respondents filled and returned given questionnaires and thus an 80% response outcome. Based on Mugenda and Mugenda (1999) standards, the response rate was excellent since it was over 70% and can be considered for analysis.

**Table 4.1 Response Rate**

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Target Population	50
Reponses	40
Response Rate	80%

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### **4.3 Organization General Information**

This section is an analysis of the general information about the organization. This was done so as to understand the background of this organizations and their relevance to the study.

### 4.3.1 Length of Time the Organization been in Existence

The researcher sought to find out the length of time the target organizations have been operational. The findings are shown in the table below

**Table 4.2 Length of Time the Organization been in Existence**

<b>Length of time the organization been in existence</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Below 5 Year	2	4%	4%
6 - 10 Year	15	38%	42%
11 - 15 Years	18	46%	88%
Over 15 Years	5	13%	100%

The findings in table 4.2 indicate that 4 % of the respondents indicated that the organization has been operational for less than 5 years, 38 % of the respondents indicated that the organization has been operational for 6 to 10 years while 46 % of the respondents indicated that the organization has been operational for 11-15 years while 13% stated that the organization has been operational for more than 15 years. The study concludes that the length operation is significant towards drawing conclusive findings from the study.

### 4.3.2 Number of Employees in the Organization

The researcher sought to find out the number of employees in the organization. This is because strategic changes are closely influenced by employee acceptance or rejection of the strategic changes and that the degree of acceptance or rejection is influenced by the number of the employees in the organization. It's also a strong indicator of organizational performance and growth. Findings are shown in the table below

**Table 4.3 Number of employees in the organization**

<b>Number of employees in the organization?</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
1-50 Employees	0	0	0%
51 -100 Employees	6	13%	13%
101 - 250 Employees.	18	46%	58%
251 - 500 Employees	13	33%	92%
501 - 1000 Employee	3	8%	100%
More than 1000 Employees.	0	0%	100%

The findings in table 4.3 above indicate that 13 % of the respondents indicated that the organization has between 51 -100 Employees, 46 % of the respondents indicated that the organization has between 101 - 250 Employees while 33 % of the respondents indicated that the organization has between 251 - 500 Employees , 8% of the respondents indicated that the organization has between 501 - 1000 Employee .Study concludes that the number of employees in the respondent organizations is significant enough to make the organization relevant to the study.

### **4.3.3 Annual Turnover**

The researcher sought to find out the respondent organization annual turnover in revenues. This is a strong indicator of how relevant an organization is to the study as it is a strong indicator of organizational performance. Findings are shown in table below

**Table 4.4 Annual Turnovers in Kenya Shillings**

<b>Annual turnover in Kenya Shillings?</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Below 15 Millions	5	13%	13%
15 – 30 Millions	18	46%	58%
30 – 50 Millions	13	33%	92%
Over 50 Millions	4	8%	100%

The findings in table above indicate that 13 % of the respondents indicated that the organizational annual revenues range below 15 Million. 46 % of the respondents indicated that the organizational annual revenues range 15 – 30 Million. 33 % of the respondents indicated that the organization organizational annual revenues range 30 – 50 Millions while 8 % of the respondents indicated that the organizational annual revenues range above Over 50 Millions. The study concludes that the revenue turnover in the respondent organizations is significant enough to make the organization relevant to the study.

#### **4.4 Strategic Change Practices and Organizational Growth**

The objective study was to find out effect of strategic change practices on organizational growth in printing firms in Kenya. The table below is the mean and the standard deviations of the responses .The mean is the representation of the majority opinion of the respondents in reference to the likert scale data which 1= Not at all,2= little extent ,3= Moderate extent,4= Great extent,5= very great extent.

**Table 4.5 Effect of Strategic Changes on Organizational Growth**

<b>Effect of strategic change practices on organizational growth</b>		
<b>Adaptation Strategic Changes</b>	<b>MEAN</b>	<b>SD</b>
Adoption of latest technology in printing	5.00	1.5
Outsourcing of non-core operations	4.63	1.13
The introduction of competitive pricing	4.03	0.53
Increasing expenditure on advertising	4.41	0.91
Job and task rescheduling for employees and production	2.03	1.47
<b>Average mean</b>	<b>4.02</b>	<b>1.108</b>
<b>Strategic Reconstruction Changes</b>		
Reducing management levels	4.03	0.53
Changing the organization through divesture and/or acquisition	4.41	0.91
Re-designing distribution channels	4.41	0.91
Changing of the organization reporting and supervision structure	4.24	0.69
Introduction of new product brands	4.41	0.91
<b>Average mean</b>	<b>4.3</b>	<b>0.78</b>
<b>Revolutionary Strategic Changes</b>		
The decision to be involved in a Takeover	2.13	1.38
The decision to be involved in Mergers	4.41	0.91
The decision to be involved in Strategic alliances	4.03	0.53
The decision to be involved in a Partnership programs	4.63	1.13
The decision to be involved in a Sell;-offs	4.03	0.53
<b>Average mean</b>	<b>3.8</b>	<b>0.896</b>

<b>Evolutionary Strategic Changes</b>		
Changing of employee attitude towards new technology	5.00	0.01
Introduction of new technical requirements	4.76	0.07
Replacement of the companies obsolete assets	4.8	0.53
<b>Average mean</b>	<b>4.9</b>	<b>0.2</b>

The findings indicate that to a great extent adoption of adaptation strategic changes enhances organizational growth as indicated by average mean (4.02). This is supported by the findings which indicate that to a very great extent adoption of latest technology in printing has enhanced organizational growth as indicated by (5), to a very great extent outsourcing of non-core operations has enhanced organizational growth as indicated by (4.63). To a great extent the introduction of competitive pricing has enhanced organizational growth as indicated by (4.03), increasing expenditure on advertising has enhanced organizational growth as indicated by (4.41). To a little extent job and task rescheduling for employees and production has enhanced organizational growth as indicated by the mean (2.03).

The findings indicate that to a great extent adoption of strategic reconstruction changes enhances organizational growth as indicated by average mean (3.9). This is supported by the findings which indicate that to a great extent reducing management levels enhances organizational growth as indicated by (4.03), to a great extent, changing the organization through divestiture and/or acquisition enhances organizational growth as indicated by (4.41). To a great extent re-designing distribution channels enhances organizational growth as indicated by (4.41).

The findings also indicate that changing of the organization reporting and supervision structure enhances organizational growth to a little extent as indicated by (2.25) introduction of new product brands enhances organizational growth to a great extent as indicated by the average mean (4.41).

The findings indicate that to a great extent adoption of revolutionary strategic changes enhances organizational growth as indicated by average mean (3.8). This is supported by the findings which indicate that the decision to be involved in a takeover enhances organizational growth to a little extent as indicated by the mean (2.13), the decision to be involved in mergers enhances organizational growth to a great extent as indicated by the mean (4.41), the decision to be involved in strategic alliances enhances organizational growth to a great extent as indicated by the mean (4.03), the decision to be involved in a partnership programs enhances organizational growth to a very great extent as indicated by the mean (4.63), the decision to be involved in a sell;-offs enhances organizational growth to a great extent as indicated by the mean (4.03).

The findings indicate that to a very great extent adoption of evolutionary strategic changes enhances organizational growth as indicated by average mean (4.9). This is supported by the findings which indicate that changing of employee attitude towards new technology enhances organizational growth as indicated by the mean (5), introduction of new technical requirements enhances organizational growth as indicated by the mean (4.76), and replacement of the company's obsolete assets enhances organizational growth as indicated by the mean (4.8).

**Table 4.6 Summary on Effect of strategic changes on organizational growth**

<b>strategic change practices and organizational growth</b>	<b>MEAN</b>	<b>SD</b>
Evolutionary Strategic Changes	4.9	0.2
Strategic Reconstruction Changes	4.3	0.78
Adaptation Strategic Changes	4.02	1.108
Revolutionary Strategic Changes	3.8	0.896
Total average mean	4.255	0.813

The table above is a ranking of the most effective strategic change practices in terms of its ability to enhance organizational growth. The findings indicate that the most effective strategic change practice in enhancing organizational growth is evolutionary strategic changes which according to the research findings enhance organizational growth to a great extent as indicated by the mean (4.9). The second most effective strategic change practice in enhancing organizational growth is strategic reconstruction changes which according to the research findings enhance organizational growth to a great extent as indicated by the mean (4.3).

The third most effective strategic change practice in enhancing organizational growth is adaptation strategic changes which according to the research findings enhance organizational growth to a great extent as indicated by the mean (4.02). The fourth most effective strategic change practice in enhancing organizational growth is revolutionary strategic changes which according to the research findings enhances organizational. The study therefore concludes that strategic change practices enhances organizational growth to a great extent as indicated by the average mean (4.255).



#### **4.5 Discussion of the Findings**

The study findings indicate that strategic change practices enhances organizational growth to a great extent .This implies that there existed a strong and positive correlation between Strategic change practices and organizational growth. The findings concur with Pearce II and Zahra (1991) in a study involving 139 companies from Fortune 500 firms and found that there was a positive relationship between Strategic change practices and earnings per share of firms, increase in firm customer base, asset quality, quality of service, increased production and increased market share. They argued that in taking appropriate measure at the rightful time where strategies seems to fail in achieving set goals, abilities and energies channeled to explicitly enhance strategies that propel firm's performance positively.

This implied that there existed a strong and positive correlation between Strategic change practices and organizational growth. The study concurred with Hill and Jones (2000) who found that Strategic change practices through restructuring, adoption of flexibility, total quality management, adoption of technology and re-engineering led to increase in organizational market share, increase in customer base, enhanced production of quality services and gaining competitive advantage over rivals in the market.

This resonates with Marangu (2012) whose findings indicated that strategic decisions positively influence organizational growth to a very great extent by increasing its market network to other regions in the country, enhanced quality of services compared to rivals in the industry, enhanced strategic responses towards external and internal changes faced by the company and has experienced high customer

satisfaction to a very great extent .This implies that high levels of performance may result in adoption of Strategic change practices. The study found that the firms achieved competitive advantage over their rivals in the market; increased profitability, gained high returns due to effecting Strategic change practices and increased volume of revenues

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary of findings, conclusions and recommendations. The findings are summarized in line with the objectives of the study which were to establish the effect of Strategic change practices and growth of large printing firms in Kenya.

### **5.2 Summary of Findings**

The objective of this study was to determine the effect of strategic changes on growth of printing firms in Kenya. The findings indicate that most of the organizations had been operational for more than 6 years hence the length operation is significant towards drawing conclusive findings from the study. The organization involved in the study all had over 50 employees. This is an indication that the organizations were large enough to be relevant to the study. The findings indicate that over 87% of the organizations that participated in the study had annual revenues above 15million shillings.

The findings indicate that strategic change practices enhances organizational growth to a great extent and the most effective strategic change practice in enhancing organizational growth is evolutionary strategic changes while the second most effective strategic change practice in enhancing organizational growth is strategic reconstruction changes .The third most effective strategic change practice in enhancing organizational growth is adaptation strategic changes ; the fourth most effective strategic change practice in enhancing organizational growth is revolutionary strategic changes.

### **5.3 Conclusion**

Based on the findings in relation to specific objective, the study concluded that strategic change practices positively influences organization growth. The study concluded that strategic change implementation influence organization growth positively to a great extent resulting to increased organization profitability, business turnover and volumes of sale. The study concludes that the most effective strategic change practice in enhancing organizational growth is evolutionary strategic changes while the second most effective strategic change practice in enhancing organizational growth is strategic reconstruction changes.

The third most effective strategic change practice in enhancing organizational growth is adaptation strategic changes; the fourth most effective strategic change practice in enhancing organizational growth is revolutionary strategic changes. The fifth most effective strategic change practice in enhancing organizational growth is restructuring strategic changes. The study therefore concludes that for organizations to witness effective growth organizations should focus on evolutionary strategic changes, reconstruction strategic changes, adaptation reconstruction changes and revolutionary strategic changes as they enhance growth to a great extent. Findings on the effect of restructuring strategic changes on growth were not conclusive.

The findings also concur with Hill and Jones (2000) who found that Strategic change practices through restructuring, adoption of flexibility, total quality management, adoption of technology and re-engineering led to increase in organizational market share, increase in customer base, enhanced production of quality services and gaining competitive advantage over rivals in the market.

#### **5.4 Recommendations**

The study recommends that organizations should focus on adopting strategic change practices so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommended that for the organization to perform effectively on its financial performance clear strategies that guides its operation should be formulated and guidelines be provided to all the concerned departments in order to eradicate occurrence of compromise. In order for organizations to achieve their goals, i.e. Profitability, large market share and customer retention, there should be effective strategies that cater for the customer needs, organization goals and environmental changes.

To enhance customer satisfaction and eventual organizational growth the study recommends that customers should be treated well since they are the key assets in organization's survival, hence strategies set should be focus on quality of service .strategies adopted by organization should be adaptive to changes in the external environment and should be continually evaluated through frequent competitor analysis, SWOT analysis, stakeholder opinion polls and ensuring adherence to corporate governance practices if organizational growth is to be continually enhanced.

Organizations ought to keep abreast of the new technologies and new machines that are coming up in the market so that they achieve competitive advantage. They should also invest training and development of employee in enhancing employee attitude towards the changes and technical know-how on how to operate new machines when the organizations embark on these changes. The top management should show

cooperation and give guidance to the junior employees to ensure that the organizations achieve competitive advantage.

### **5.5 Limitations of the Study**

The study's limitations included limited time set aside for the research and the limited scope of study. The respondents approached were reluctant in giving information due to fear of disclosing company's information and also the business rivalry that exists in the print industry.

The researcher handled the problem by carrying an introduction letter from the university and assured them that the information they would offer would be treated confidentially and it was to be used purely for academic purposes.

### **5.6 Suggestions for further Research**

The study suggests further research on effects of strategic change practices on growth of firms of other industries which should be replicated in order to establish whether there is variation in response and to depict reliable information that illustrates real situation across all sectors.

Further research should be done on the factors affecting strategy change and impact of strategic change on organization performance in the printing industry.

## APPENDICES

### Appendix I: QUESTIONNAIRE

#### Part A: General Information

1. Name of the organization: (Optional).....

2. How long has the organization been in existence?

Below 5 Years.....[ ]

6 - 10 Years.....[ ]

11 - 15 Years.....[ ]

Over 15 Years.....[ ]

3. What is the number of employees in your organization?

1-50 Employees.....[ ]

51 -100 Employees.....[ ]

101 - 250 Employees.....[ ]

251 - 500 Employees.....[ ]

501 - 1000 Employees.....[ ]

More than 1000 Employees.....[ ]

4. What is your annual turnover in Kenya Shillings?

Below 15 Millions.....[ ]

15 – 30 Millions.....[ ]

30 – 50 Millions.....[ ]

Over 50 Millions.....[ ]

**PART B: Current Strategic Changes and Organizational Growth**

To what extent are the following statements of the effect of strategic changes practices on growth of printing firms in Kenya true?

Please indicate; 1=Not at all 2=little extent 3=Moderate extent 4=great extent 5=Very great extent

<b>Adaptation Strategic Changes</b>	1	2	3	4	5
Adoption of latest technological for printing has enhanced revenue growth and cost reduction					
Outsourcing of non-core operations has enhanced revenue growth and cost reduction					
The introduction of competitive pricing has enhanced revenue growth and cost reduction					
Increasing expenditure on advertising has enhanced revenue growth and cost reduction					
Job and task rescheduling for employees and production has enhanced revenue growth and cost reduction					
<b>Strategic Reconstruction Changes</b>					
Reducing management levels has enhanced revenue growth and cost reduction					
Changing components of the organization through divesture and/or acquisition enhanced revenue growth and cost reduction					
Re-designing distribution channels has enhanced revenue growth and cost reduction					
<b>Restructuring strategic changes</b>					
Changing of the organization reporting and supervision structure has enhanced revenue growth and cost reduction					



Introduction of new product brands has enhanced revenue growth and cost reduction					
<b>Revolutionary Strategic Changes</b>					
The decision to be involved in a Takeover has enhanced revenue growth and cost reduction					
The decision to be involved in Mergers has enhanced revenue growth and cost reduction					
The decision to be involved in Strategic alliances has enhanced revenue growth and cost reduction					
The decision to be involved in a Partnership programs has enhanced revenue growth and cost reduction					
The decision to be involved in a Sell;-offs has enhanced revenue growth and cost reduction					
<b>Evolutionary Strategic Changes</b>					
Changing of employee attitude towards new technology has enhanced revenue growth and cost reduction					
Introduction of new technical requirements has enhanced revenue growth and cost reduction					
Replacement of the companies obsolete assets has enhanced revenue growth and cost reduction					

**Thank you for taking part in the survey.**

**The End**