MANAGING CHANGE AT TELKOM KENYA

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DECLARATION

This is my original work and has not been submitted to any institution or university for examination.

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This research project has been presented for examination with my approval as university supervisor

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PROF. EVANS AOSA

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DEDICATION

This research project is dedicated to my dear son Bob Diamond Kodiallah (Junior) who has brought great joy to our family. May you grow to be a God fearing academic giant!

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It is a pleasure to thank all those who made this research project possible. My supervisor Prof. Evans Aosa who has been my guide, my 2010 MBA colleagues with whom we have urged each other on and most of all, my family who have understood when I had to work on my project. May the Almighty God bless you all richly.

ABSTRACT

Today's business organizations face an era of continuous change, the sources of which are varied, often unpredictable, and difficult to understand. Companies have had to deal with such changes as dramatic technological shifts (for example, the explosion in electronic capabilities) and deregulation in such industries as banking, telecommunications, Transport and energy. The telecommunications sector in Kenya has faced massive environmental changes in the last decade. Liberalization, technological change and competition are the notable changes. The purpose of this study was to deepen the knowledge on how Telkom Kenya has dealt with changes over the years. The study had two objectives. To determine how Telkom Kenya Ltd has managed the changes that it has implemented and to establish the challenges that Telkom Kenya has encountered in managing the changes that it has implemented. This research problem was solved through the use of a descriptive case study design. The study used primary data which was collected through interviews with four senior employees at Telkom Kenya. The interviews were carried out in the month of July 2012 in the work places of the subjects. The data collected through the interviews was analyzed through content analysis. The notes were expanded and interpretation was in narratives. A discussion of the notes was also done to compare the findings with earlier studies on the subject. Results indicate that changes which have taken place at Telkom Kenya Ltd. include downsizing, acquisition, structural changes and strategic changes. These have been managed through use of consultants, change planning, communication and buy in. The company has changed its organization structure, its strategic focus, its employee size and composition and also its management orientation. The changes have been brought about by competition, market liberalization, technological advancements and more demanding customers. Challenges in implementing changes at Telkom Kenya include the company lacking a clear cut plan in managing the retrenchment, having limited resources to finance the downsizing, resistance to change by employees and the dynamism of the telecoms industry. Others include cutthroat competition, politics and technological advancement. The study findings have the following implications on Telkom Kenya. First, there should be a clear and desirable vision of what the company will be like once the change is complete. Secondly, detailed tactical plans should be decided upon and made available in accessible language to all who participate in the change process. Thirdly, training should be provided for those individuals who do not have the skills for the management of change. Lastly, people affected by change should be involved in planning, changes noted in writing and circulated appropriately.

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CHAPTER ONE
INTRODUCTION
1.1 Background of the Study

Today's business organizations face an era of continuous change, the sources of which are varied, often unpredictable, and difficult to understand (Gekonge, 1999). In the last decade, companies have had to deal with such changes as dramatic technological shifts (for example, the explosion in electronic capabilities) and deregulation in such industries as banking, telecommunications, the airlines, and energy. Other sources of change have been economic uncertainty, fast growth, increased global competition and major shifts in demography and values. It can sometimes be difficult to persuade a group of people to accept change and it can be frustrating how long some take to adapt to new working practices (Bruch and Ghoshal, 2004). Everyone recognizes that change is not going to happen overnight and it is certainly not an easy transition. But organizations failing to introduce their planned change successfully can pay a high price. Failure can lead to loss of market position and credibility with stakeholders as well as decreased morale among management and staff resulting in a de-motivated workforce, or worse still, the loss of key employees (Huy, 2002).

The telecommunications sector in Kenya has faced massive environmental changes in the last decade. Liberalization, technological change and competition are the notable changes (Ouma, 2009). Telkom Kenya has been affected by many of these environmental variables and hence has implemented many change initiatives in the last 15 years. This study therefore sought to establish how the company has implemented these changes and the various changes the company has faced.

1.1.1 Change Management

Many different factors can bring about organizational change, from the effect of internal influences, to external swings in consumer behaviour, or a shift in the industry landscape. Amongst the most common causes are change of government or legislation, mergers and acquisitions, challenges of growth into global markets, structural change, exit strategy, introduction of new processes and strategic re-organization (D'Aveni, 2004). Regardless of the size of a business, change is going to happen at some point, but as no two organizations are the same, there is never going to be a template to meet everyone's needs. In reality, change cannot be wholly managed but will emerge naturally once a strategy for change is in place. A business then has to develop the capability for change through establishing project management and stakeholder engagement, before leading the transition to change and, finally realizing and managing the benefits.

The rapidity with which organizations must respond to change is alarming. A case in point is International Business Machines Corporation, a late entrant into the personal computer market, which needed to develop its PC in record time. Using a large task force, IBM was able to achieve this development in little over a year, and its product soon became the industry standard. A portrait in contrast is provided by Osborne Computer, which was founded in January 1981 for the purpose of manufacturing and marketing the first commercial portable computer. In only two years' time, Osborne's sales reached nearly $100 million. Soon after reaching this peak, however, the company, having accumulated some $45 million in debts, declared bankruptcy. Osborne's technological success was not matched by sustained marketing muscle, a reliable service network, or a sense of strategic timing. Further, Osborne Computer was not able to manage its rapid growth and complex change (Kotter and Cohen, 2002). The IBM and Osborne examples illustrate the speed with which company fortunes are made and lost in today's rapidly changing environment.

During the past decade, companies such as Xerox Corporation, Texas Instruments Incorporated, American Motors Corporation, Eastman Kodak, and the Intel Corporation have also faced changes (Marshak, 2004). While each company had its own reasons for encountering change, one thread common to all of them has been their difficulty in dealing with rapidly changing technological, competitive, and market realities. Unless large corporations can learn to manage dramatic change, they will not survive in today's competitive business environment.

1.1.2 Telecommunications Sector in Kenya

Liberalization in the Kenyan Telecommunications sub sector began earnestly in 1997 when the government embarked on progressive liberalization and privatization within the sub-sector. Before liberalization, services were delivered within a monopolistic public sector structure - the Kenya Posts and Telecommunications Corporation (KP&TC), which combined regulatory and operational responsibilities (Kandie, 2001). The sector was at the time plagued by inefficiencies poor coverage and low network coverage.

According to Ouma (2009), the deregulation of the communications sector in Kenya was initiated by the 1998 Kenya Communications Act (KCA). The Act unbundled Kenya Post and Telecommunications into five separate entities, including Telkom (the fixed line operator to invest in network infrastructure), the Postal Corporation of Kenya (Posta, dealing with postal services), the regulator (the Communications Commission of Kenya - CCK) and the National Communications Secretariat (NCS). Further reforms in the sub sector were as a result of Kenya fulfilling its obligations under the WTO framework. These have led to the development of the ICT policy, which entails reviewing of the policy framework for investment, competition and growth including obligation of investors to universal access.

As part of the post-exclusivity regulatory strategy, CCK issued a new licensing framework. The general goal of this framework was to ensure that the regulatory environment in the sector is friendly to investment and conducive to the provision of modern communication services (Ouma, 2009). The specific objectives of the new licensing framework were to ensure that Kenya has a more dynamic and competitive ICT environment, improved access to ICT infrastructure and services and choice in the provision of communication services to meet socio-economic needs of the society.

Apart from regulation, the telecoms industry in Kenya, just like the rest of the world, is going through profound changes. In the past decade, technological advancement and regulatory restructuring have transformed the industry. Markets that were formerly distinct, discrete and vertical have coalesced across their old boundaries with a massive investment of capital - much of it originating from private sector participants. The result is new markets, new players, and new challenges. Market liberalization efforts have also picked up ensuing the successful partial privatization of Telkom Kenya Ltd, divestment of GoK’s 25% stake in Safaricom Ltd through a public listing and the launch of fourth mobile operator Econet Wireless Kenya. This has resulted into some of the world’s best known telecommunication providers – Vodafone, France Telecoms and Essar Communications through their investments in Safaricom Limited, Telkom Kenya Limited and Econet Limited respectively - being major players in the Kenyan market (Ouma, 2009).

1.1.3 Telkom Kenya Ltd

Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999. The company provides integrated communications solutions in Kenya with the widest range of voice and data services as well as network facilities for residential and business customers. They have over the years played a prominent role in the information and communications technology sector, serving millions of customers across the country. The company, as at June 2011, had a customer base of approximately 2,800,000 customers on GSM, fixed and CDMA wireless platforms with a country-wide presence (www.telkom.co.ke).

Telkom Kenya has ventured into many businesses in the telecom sector. It offers a wide range of services throughout the country. Network roll-out, innovative products and value added services demonstrate the company's capacity and ability to deliver in the fast growing telecommunications market. The company has over the years undergone various transformations. Ongoing infrastructural developments by operators have largely been focused on network expansion for increased nationwide coverage. Telkom Kenya has seen many different changes in its operations, structure and workforce. This study seeks to establish how Telkom has engaged the change process, challenges thereto and any lessons that have been learnt in the process.

1.2 Research Problem

Companies are faced with continuous change which requires an approach to implement the necessary changes to the organization's structure. Organizations must learn and adapt at an ever-increasing pace. Technological change, shrinking product life cycles, increasing customer expectations, and the never-ending search for efficiency all demand that executives respond not only by constantly revisiting product and service offerings, but also by re-aligning strategy, structure, and processes. Identifying the need for organization-wide change and leading organizations through that change is widely recognized as one of the most critical and challenging responsibilities of organizational leadership. The need to deal with changes is true for public as well as private business organizations. Familiarity with workable models can help managers of organizations facing turbulent changes to prepare themselves and their organizations to deal more effectively with the challenges of intentional organization-wide change by understanding the factors that stimulate organizational change, the types of changes initiatives that other organizations have used to respond to such stimuli, and the lessons learned about implementing those changes and about managing the behavioral, motivational, and performance dynamics that arise during the change process.

Telkom Kenya Ltd. over the years has undergone various transformations. Ongoing infrastructural developments by operators have largely been focused on network expansion for increased nationwide coverage. Telkom Kenya has seen many different changes in its operations, structure and workforce. The company has also seen its ownership structure change over the years with government reducing its shareholding to a great extent. How the company has managed to implement these changes was the focus of this study.

Various studies have been carried out over the years on change management. Gekonge (1999) did a survey of the Strategic Change Management Practices by Kenyan Companies which focused on companies Listed in the Nairobi Stock Exchange. Miyumo (2003) did a study on change management practices in TQM implementation. A study by Borona (2009) focused on strategic change management at the national museums of Kenya. This study established that as cultural, social and economic environment change, National Museums in Kenya were obliged to change to fit with the new environment. Telkom Kenya Ltd. as a company has attracted various studies due to the nature of its importance in telecoms industry in Kenya and has indeed been a fitting case study in strategic management, strategic responses and change management. Kandie (2001) did a study of the strategic responses by Telkom Kenya ltd in its competitive environment. This study established that Telkom Kenya has been implementing various strategic responses to fit the changing environment and counter threats thereto. Kinanu (2007) did a survey of employee perception of the change process in Telkom Kenya headquarters while Ouma (2009) studied challenges of managing strategic change in Telkom Kenya during and after privatization.

There are many models to apply in change management and it is important to note that change is unique to every situation and organization. This study therefore sought to deepen the knowledge on how Telkom Kenya has dealt with changes over the years. How has Telkom Kenya Ltd managed the changes that it has gone through? What are the challenges that Telkom Kenya has encountered in managing the changes that it has implemented?

1.3 Objectives of the Study

This study had two objectives. These were;

i) To determine how Telkom Kenya Ltd has managed the changes that it has implemented and,

ii) To establish the challenges that Telkom Kenya has encountered in managing the changes that it has implemented.

1.4 Value of the Study

This research study got results that will be of importance to theory, practice and policy. The findings may be of value to Telkom Kenya, the government, other policy making organs and the academic community at large.

To organizations, this study will provide great insight. Any organization operating in today's uncertain regulatory, economic, social and technological climate needs to know how to manage change in order to survive. They need to react quickly to the global revolution, while at a local and national level keeping up with new technology and competition if they want to stay ahead of the game. This study provides these organizations with a conscious approach to getting ready for change, which is likely to lead to a greater probability of success.

The findings will also be of importance to government and its policy and regulatory framework. The government will be in a position to put in place effective policies and regulations to help the telecommunications sector in dealing with the challenges and to ensure that the policy and regulatory framework is conducive to telecommunications organizations' development in Kenya. This can be achieved by having clearly thought and negotiated regulations and policy to drive growth in the sector. The study findings can be used as input in the policy and regulatory framework design.

The findings will also be important to academic community. The academic community will have added knowledge which can guide training, policy and further research on change management. This study will furnish students, faculty and the general academic fraternity with knowledge in the field of change management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents literature review on change management process and models that have been applied by businesses globally, regionally and locally. The chapter is organized as follows. First is the discussion on the concept of change and change management. Then, the different forms of change are discussed. Organizations and how they cope with their environments is also discussed and the chapter closes with the stages in the process of change management.

2.2 Concept of Change

Change is evident everywhere from the simplest everyday changes to the most difficult situations encountered by human resource (HR) managers as management grapples with reorganizations, downsizing and/or cutbacks. A crucial factor in the effectiveness of an organization is the ability to adapt to change (Ulrich and Brockbank, 2005). According to Quinn (2006), business conditions change and yesterday's assumptions and practices no longer work.

While it may seem uncommon to some, most businesses are told they have to change everything from the way they think to the way they work (Marshak, 2004). Kotter (2007) provides a bit of history by reminding us of how downsizing became an obsession in the 1990s, the phrase “lean and mean” became a primary focus of most businesses at that time. Whether the success of downsizing tactics worked is not the topic for discussion here, however, the tactics employed at the time are part of this comparison. Today's economic crisis has also added a new dimension of change needing to be immediate instead of over a period of time. Add increased global competition, outsourcing, fast changing and new technologies and you have a recipe for massive confusion to those involved in such a volatile environment.

In order to remain competitive in the long term, enterprises are compelled to undertake complex changes with increasing speed, efficiency and success (Linn, 2007). The speed, frequency and intensity of changes in the business environment will continue to increase in coming years. At the same time, however, it will become increasingly difficult to foresee environmental changes. However, the implementation of strategic change as a reaction to the influences of external changes, or in anticipation of such changes, very often fails in operational practice. With a failure rate of up to 70 percent the implementation phase is always seen to be the most difficult phase of a change management program (Linn, 2007). In other words, it is not so much the right strategy but the effective implementation of the right strategy which is decisive for business success.

Rapidly changing environments demand that organizations generate equally fast changes in order to survive and prosper. In the last decades, the rate of globalization and technological innovation has continued to increase, and organizations often have to implement a number of strategic and organizational changes at the same time or over a relatively short time frame. Delmar and Shane (2003) describe one of the main challenges in change management as the ability to manage a series of interrelated and emergent changes often in parallel and in sequence.

2.3 Organizations and the Changing Environment

One of the primary functions of effective management is to organize and use the available resources in ways which minimize the impact of environmental threats and pressures on the organization (Lambert and Knemeyer, 2004). Organizations must adapt to their environments if they are to remain viable. Welch and Welch (2005) maintain that to maximize long-term effectiveness, organizations need to develop the capability not only to cope with daily events in the environment, but also to cope with external events that are both unexpected and of critical importance. For many organizations crises are unique and rare events. However, in many industries crises may be a regular feature of corporate life. Consequently, a central issue in the process of organizational adaptation is not only coping with uncertainty, but understanding situations where uncertainty can degenerate into a crisis.

Although the external environments of organizations have been conceptualized in various ways (Lane, 2003), several important dimensions have been underscored. Two major dimensions are of concern for this study. These are stability and complexity. The concept of turbulence and its opposite, placidity, are key factors. Turbulence is a measure of change as it occurs in the factors or components of an organization’s environment. At one end of a continuum of change there is a static environmental state (placidity or no change), at the other end there is a turbulent or dynamic state where all factors are in constant flux (Linn, 2007). The amount of environmental turbulence is closely related to the degree of uncertainty facing an organization.

The rate of change, in addition to the absolute amount of turbulence, is a critical factor. Collins (2001) suggests that the rate of change can be defined by measuring the amount of alteration to major goals in a given period. Andrews (1987) proposes that the higher the change rate in the environment, the higher the number of major organizational goals that must be altered and vice versa. In several studies (Welch and Welch, 2005) the terms discontinuity, dynamism and volatility have been used interchangeably to refer to the rate (or degree) of environmental change.

Complexity is the second critical dimension of the external environment. It refers to the number of factors in the environment that must be taken into consideration by the organization in a decision-making situation (Ansoff, 1965). Scholes and Johnson (2008) defined complexity as the heterogeneity and range of activities relevant to organizational operations. Porter (2005) argues that a simple environment is one in which the external factors with which an organization must deal are few in number and relatively homogeneous. Ansoff and McDonnel (1990) assert that a simple environment frees an organization from the necessities of sophisticated information systems, since there would only be a limited number of information categories to be monitored that would be critical for organizational decision making. Complex environment not only place greater demands on an information system, but also calls for a higher-quality to account for diverse constituencies in the environment (Pearce and Robinson, 2001).

Environmental complexity may be viewed as a function of both the number of environmental variables and constraints important to the organization, and as a function of the diversity, and number of different components, of the environment (e.g. technological, political, and legal) containing important variables or constraints (Collins, 2001). McNeilly (2001) contend that uncertainty and equivocality are two forces influencing information processing in organizations. During times of rapid technological change and development, within emerging industries, or during the launch of new products, organizations face high uncertainty and high equivocality. The concept of high velocity environments is used to designate those environments which are characterized by rapid and discontinuous changes in demand, competitors, technology, and/or regulation such that information is often inaccurate, unavailable or obsolete (D'Aveni, 2004). This concept implies that there are continuous dynamisms (Linn, 2007) or volatility (Delmar and Shane, 2003), but these are overlaid by sharp, discontinuous change. Dynamism is characterized by the rate of change and innovation in the industry as well as the uncertainty or unpredictability of the actions of customers and competitors (Lane, 2003). Industries operating in high velocity environments, e.g. microcomputers, airlines, and banking, experience such an extreme rate of change that information is often of questionable accuracy and is quickly obsolete (Drejer, 2002).

Organizations are both environment serving and dependent. Various studies have revealed additional strategies concerning the very nature of change and how it relates to organizations. Kanter (1985) relates how organizations have to be able to adapt to change or face the possibility of losing out to competition. Kanter (1985) further expounds on how some in top management attempt to force change by just simply dictating it, changing polices without warning and expecting their middle management to take charge and make the change work. Implementing a change process as Kanter (1985) indicates should be a well coordinated process with input from all stakeholders.

2.4 Change Management Models

A multitude of different change management models have been developed to help to meet the challenges posed by rapid change in the business environment. The common aim of all these models and concepts is to supply managers with better recipes for how to deal best with impending changes and problems which arise. Whether it is reengineering, total quality management, restructuring or whatever other reorganization program, the aim is almost always to initiate or promote the required change processes in the company (Quinn, 2006). The various change management models are discussed in the following part.

Change management models include the Action Research Model/Theory, Lewin's Three-Step Model, Schein's Change Model and The Lippit, Watson and Westley model of planned change which expanded Lewin's Three-Step Model to a Five-Phase Model. Others include Kotter's Strategic Eight-Step Model, Mento, Jones and Dirmdofer's Twelve-Step Model, Jick's Ten-Step Model and Schield's five-step model (Farias and Johnson, 2000).

Action research is a combination of changing not only attitudes and behavior, but also testing the change method being utilized (Pfeifer, 2001). It has the following steps. The first part of the change process must be action-oriented because the ultimate goal is to make change happen. The second part revolves around trying different frameworks in a real situation to verify whether or not the theories really work or applying the various theories in various situations that require change. The process of action research is first to diagnose a need for change (unfreezing), then to introduce an intervention (moving) and finally to evaluate and stabilize change (refreezing).

In Lewin's Model, there is a stipulation for three distinct steps in change management if it is to be effective (Miyumo, 2003). Those are unfreezing the present, moving from the present towards desired state and freezing. If this model is not followed, then changes will be short-lived. In other words, you can cause needed change to occur. However, in order for change to be permanent, the organization must dismantle the present (and the capability to move back to the present), move from the present to the future and put in place the people and processes to ensure permanency (Ulrich and Brockbank, 2005).

Schein discusses the three steps of Lewin's Change Model as three stages of change and describes ways to unfreeze an organization, move it from the status quo to a future state and freeze the changes (Schein, 2004). He indicates that for unfreezing to work and for people in the organization to embrace change, they must experience a need for change. Then, once the need for change and the desired change are introduced, people will be motivated to reduce the gap and achieve the desired change. In order to be productive and efficiently and effectively accomplish the required change, people must feel psychologically safe. They must be assured that moving/changing will not cause them humiliation, punishment, or loss of self esteem. The purpose of stage two is to help people see and respond to things differently in the future. In order for stage two to be effective, people must identify with new role models for the cognitive restructuring. Also, they must acquire new, relevant information that can help them move forward with needed changes. Schein segmented stage three (Refreezing) into two parts, self and relations with others. In order to make changes permanent, people must personally make the changed way of doing things a comfortable part of their respective self-concepts. They also must ensure that their respective attitudes and behavior are aligned with the system and relationships with others, both of which must become frozen i.e., permanently changed.

The terminology and number of steps of Lewin's Model are expanded and changed in the Lippitt, Watson and Westley model (Burnes, 2004). Their change model includes five phases instead of three steps since steps imply discrete actions. Their model has the following steps. Unfreezing the present, establishing a change relationship, moving from the present towards desires state, freezing and achieving a terminal relationship

Kotter's Model is prescribed to be used at the strategic level of an organization to change its vision and subsequently transform the organization (Kotter, 2007). Studies using this model have shown that the change process goes through a set of phases. Each phase lasts a certain amount of time and mistakes at any phase can impact the success of the change.

Kotter’s has an eight step approach to change management. First is creating urgency then dealing with resistance. Third step is having a vision for change which is followed by communicating the change. Fifth step is training and motivation followed by reward which is the sixth step. Seventh step is making adjustments the last being reinforcement.

Other change models are not popular including the following. Jick’s model is geared more toward a tactical level of change (Bwibo, 2000). Therefore, it can be used like a recipe to guide and initiate change or to evaluate change that is already occurring in an organization. Shield’s model builds on the idea that when change fails, it is because of insufficient attention to the human and cultural aspects of business (Okuto, 2002).

2.5 Challenges to Change Management

In planning for change, the team leaders must take into consideration the various factors on which the members exhibit their resistance to implement the change process. Resistance to change can be a source of functional conflict (Kotter, 2007). Resistance can be overt, implicit, immediate or deferred. It is easier for management to deal with resistance when it is overt and immediate such as employees strike, work slowdown etc. The greater challenge is managing resistance that is implicit or deferred such as loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes and increased absenteeism.

Resistance can be individual or organizational. Individual sources of resistance to change lie in basic human characteristics such as perceptions, personalities and needs. Other resistance to change can be organizational. Some organizations prefer to follow their routine and reluctant to venture new things or follow any new methods of doing. Kotter (2007) offered six ways of overcoming resistance to change, which are highly situation dependent. More than one of these techniques may be used in any given situations. Education and communication is one way of dealing with resistance. If the logic and advantages of the change are explained early to the employees, resistance can be reduced. This can be achieved through one-to-one discussions, memos, group presentations, or reports. This tactic assumes that the source of resistance lies in misinformed or poor communication. If employees received the full facts and have their misunderstanding cleared up, their resistance will subside. Once people have bought into the idea, they will implement the change. The only problem is that this could be very time consuming process, if too many people are to be communicated with.

Participation and involvement is another strategy to cope with resistance (Kotter, 2007). Resistance to change can be reduced or eliminated by having those involved participate in the decision of the change through meetings and induction. It is difficult for individuals to resist a change decision in which they participated. Once people have had an opportunity to contribute ideas and become a part of the change process, they will be less inclined to see it fail. However, working in committees or task forces is a time consuming activity, and hence it will take a longer time to bring about changes.

Facilitation and support is another way an organization can manage resistance. Easing the change process and providing support for those caught up in it is another way managers can deal with resistance (Kotter, 2007). Retraining programs, allowing time off after a difficult period, and offering emotional support and understanding may help. This emotional support can be given through empathic listening, offering training and other types of help. Such facilitation and emotional support help individual to deal more effectively with their adjustment problems. This process can be time consuming and there is no guarantee that it will always work.

Another way to manage, resistance is through negotiation and agreement. It is sometimes necessary for a manager to negotiate with potential resistance or exchange something of value for lessening the resistance (Kotter & Cohen, 2002). For instance, if the resistance is from a few powerful individuals in the organization, a specific reward package can be negotiated that will meet their individual needs. Though in some instances this may be the relatively easy way to gain acceptance, it is possible that this could be an expensive way of effecting changes as well. Also, if the use of this strategy becomes public knowledge, others might also want to try to negotiate before they accept the change.

Manipulation and co-optation is another applicable strategy to deal with changes. The manager seeks to ‘buy off’ the key members who are resisting by giving them an important role in the change decision (Kotter, 2007). The manager’s advice is sought, not to arrive at a better decision but to get their endorsement. Some of the co-opting tactics include selectively sharing information and consciously structuring certain types of events that would win support. This can be a quick and relatively easy and inexpensive strategy to gain support. However, the purpose will be defeated if people feel they are being manipulated.

Lastly is the strategy of explicit and implicit coercion. The management can force the employees to go along with changes by threats involving loss or transfers of jobs, lack of promotion, etc. Such methods, though not uncommon, are more difficult to gain support for future change efforts (Marshak, 2004). This strategy can be particularly resorted to when changes have to be speedily enforced or when changes are of a temporary nature. Though speedy and effective in the short run, it may make people angry and resort to all kinds of mean behaviors in the long run.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter considers in detail the methods that were used to collect any primary or secondary data required in the study. In this chapter, the researcher discusses the research design, population size and sample that were applied. The researcher also discusses how this data was analyzed giving details of any models or programmes that were used in analysis with reasons as to why these particular models or programmes were used.

3.2 Research Design

This research problem was solved through the use of a descriptive case study design. This enabled an analysis of the management processes involved in managing change at Telkom Kenya Ltd. According to Doyle (2004), a case study refers to a body of techniques for collecting in-depth data on human characteristics, attitudes, thoughts, and behavior by obtaining responses from one entity or a few entities.

Cooper and Schindler (2006), defines case study approach as a measurement process used to collect information during a highly structured interview – sometimes with a human interviewer and other times without. According to Angus and Katona (1980), the capacity for wide application and broad coverage gives the descriptive technique its great usefulness.

3.3 Data Collection

The study used primary data. The data was collected through interviews with senior employees at Telkom Kenya. These were four employees at senior management positions who were expected to have in-depth knowledge of the change processes at Telcom Kenya and how they were effected. The interviewees included Head of Finance, Head of Information Technology and Networks, Head of Wholesale and Head of Corporate Communications. The interviews were the only primary data collection methodology. The interview method of data collection was preferred due to the nature of data required for the study and the study subjects targeted. The study required in-depth information which was only possible to be collected from a few subjects. This made the interview technique the most appropriate.

The interviews were carried out with the aid of an interview guide. The interview guide was structured to address the research questions. The interviews were be done personally by the researcher where notes were taken in the course of each interview. The interviews were carried out in the month of July 2012 in the work places of the subjects. Appointments were arranged by the researcher to avoid inconveniences due to the nature of work and schedules of the potential interviewees.

3.4 Data Analysis

The data collected through the interviews was analyzed through content analysis. Data and information obtained through the interviews was in form of short draft handwritten notes. This data was organized into categories and themes where differences and similarities were sought.

The notes were expanded and interpretation was in narratives. A discussion of the notes was also done to compare the findings with earlier studies on the subject.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter considers the results and findings from the interviews. Part 4.2 presents information on how the interviews were conducted, 4.3 presents the general findings from the study. Part 4.4 presents change management practices at the company with 4.5 presenting challenges encountered by the company in managing change. Part 4.6 presents the discussion of the findings.

4.2 Data Collection

There were four interviews conducted with the selected Telkom Kenya senior employees at Telkom Plaza headquarters of Telkom Kenya. The interviewees included Head of Finance, Head of Information Technology and Networks, Head of Wholesale and Head of Corporate Communications. The use of one common semi-structured interview guide ensured the necessary rigour, allowing for comparisons of the accounts of different informants during different stages of change processes, and across different sectors and contents of change processes.

4.3 General Information

The study established that Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999. Telkom Kenya is the sole provider of landline phone services in Kenya. It was previously a part of the Kenya Posts and Telecommunications Corporation (KPTC) which was the sole provider of both postal and telecommunication services. In 1999 KPTC was split into the Communication Commission of Kenya (CCK), the Postal Corporation of Kenya (POSTA) and Telkom Kenya. The respondents indicated that the company provides integrated communications solutions in Kenya with the widest range of voice and data services as well as network facilities for residential and business customers. According to the interviewees, the company as at March 2012 had a customer base of approximately 3,100,000 customers on GSM, fixed and CDMA wireless platforms with a country-wide presence.

Interviewees indicated that the liberalization of the telecom sector in Kenya have led to major changes in the telecom sector with competing firms entering the market, new regulations being instilled, customer preferences changing and generally the operating environment has changed. Telkom Kenya's partnership with France Telecom Group, saw the launch of the Orange brand in Kenya in 2007. France Telecom now holds 51% of Telkom Kenya's shares. According to the respondents, France Telecom and the Kenyan government are to bring 11 and 19 percent of their respective shareholdings on the market within three years of the deal's completion. The respondents indicated that the new identity of Telkom Kenya is inspired by new investments and a fresh new approach to doing business. According to respondents, Telkom Kenya, over the last decade, has undergone major change in terms of the manner in which it does business. From being a state-owned company to becoming a parastatal, to being in partnership with France telecoms, Telkom Kenya has transformed as a company.

Generally, since its inception, the company has changed its organization structure, its strategic focus, its employee size and composition and also its management orientation. Respondents reported a number of key determinants as key drivers of corporate level strategic change at Telkom Kenya during the decade. These were identified as competition which was launched by mobile network operators, market liberalization, technological advancements and more demanding customers, in terms of requirements for an increasing range of products and services.

Respondents reported that the key determinants that are currently influencing change and competitive tactics are wireless technology, where it has increasingly become the primary access technology for voice, telecommunications becoming increasingly about carrying data, although voice is still the major money spinner for many years to come, newcomers displacing the traditional telecommunications operators, strategic alliancing and acquisitions playing a major role in the evolving structure of the Kenyan, African and Global telecommunications markets, Demand being led by customized solutions, packaged solutions and wholesale products/services.

4.4 Change Management at Telkom Kenya

The study had an objective of establishing how Telkom Kenya has managed its various change initiatives over the years. The study established that Telkom Kenya continually monitors the external environment to establish any changes taking place so as to inform strategy. Respondents indicated that the telecoms industry in Kenya, just like the rest of the world, is going through profound changes. Technological advancement and regulatory restructuring have transformed the industry which has brought changes in customer requirements and stiff competition. Respondents indicated that the result is new markets, new players, and new challenges.

4.4.1 Change Management Processes

Most of the changes which have been carried out in Telkom Kenya have been planned. Thirteen years after its inception and four years after the Orange brand in partnership with Telcom Kenya entered the Kenya market, respondents indicated that it is still trying to get rid of the old inefficient government parastatal image. Respondents revealed that Telkom Kenya has embarked on a rebranding process as it aims to position itself as a major player in the digital control. Telkom Kenya according to the respondents which had monopoly on landline services was the epitome of inefficiency, corruption and red tape.

The telecommunication company has managed to downsize on its staff and is continually targeting its staff for culture change in the first phase of a long –term rebrand going into 2015. The company has launched its new tag line in Kenya which reads "Today changes with Orange ". Respondents revealed that its new strategy is to break down the employee client barrier to a more human, simple but concrete tone, as opposed to the past days' rude, slow and unhelpful civil servants. According to the respondents, the tagline is set to represent the change that the company has inspired in its staff, and more generally the change as a whole as the company evolves. Respondents indicated that Telkom Kenya has been forced to change mostly by forces in the environment that demanded a new way of operations and change of direction.

4.4.2 Downsizing

Retrenchment has been one change that the company has contented with for the past decade. After privatization, respondents indicated that the organization perceived that the employees' skills and competencies were redundant and decided to offer voluntary or forced redundancy. This, according to the respondents, was to incorporate sustainable HR strategy attempting to explain that the organization needed to orient their decision strategically to long-term focus rather than the short-term focus of “pay roll costs” approach which was adopted before privatization. The other phase of redundancy came when Telkom Kenya partnered with France Telecoms. According to the respondents, the restructuring program has been developed jointly by management with the help of external consultants and has always received government endorsement for implementation, since government has been the major stakeholder until the partnering with France Telecoms. The retrenchment was managed in phases for two major reasons. First was to make it manageable since change should be gradual to allow for adjustment and secondly to make the cost to be spread over a long time.

The changes that have been instituted and mostly the downsizing were expected to put the company back on the track of profitability after years of decline, according to the respondents. Previously, Telkom Kenya used to spend as much as 45 percent of its income on salaries for the workforce which was considered too high. Respondents however indicated that the first phase which occurred in early 2000s was one of the conditions demanded by the World Bank and International Monetary Fund so as to make the phone company more profitable. However, the downsizing that happened after the takeover by France Telecoms in 2007 was agreed internally by the then new management to give the firm a new strategic direction and competitive edge in the telecoms market.

4.4.3 Structural Changes

Another major change which has been undertaken by Telkom Kenya is structural. This change has made the organizational structure to change. This happened after the privatization in 1999 and also after the entry of France Telecoms as a major shareholder in 2007. The acquisition of Telkom Kenya, which was finalized by the end of 2007, was meant to make Telkom Kenya to fit with France Telecom's strategy to develop its presence in fast-growing developing markets. The acquisition and structural changes in Telkom Kenya after privatization has been implemented through consultation of Pricewaterhouse Coopers (PWC). PWC were financial advisers to France Telecom in its successful acquisition of a 51% stake in Telkom Kenya Ltd and have been heavily involved in structuring the operations of Telcom Kenya after the acquisition. Telkom Kenya has used consultants in managing change to bring an outsider view and also to ensure that it follows the best practice.

According to the respondents, the structural changes instituted by Telkom Kenya have affected the reporting structures of managers and displaced some managers in the company. The company has trained and motivated affected managers who have been displaced to acquire the new skills they need to qualify for reassignment within their own departments, companies or find new jobs elsewhere outside the company. In the process some have been forced to start at levels that are low relative to their overall work experience and maturity.

Respondents also revealed that Telkom Kenya has also made diverse investments and changed their strategic direction after they were acquired by France Telecom Group. France Telecom Group is one of the world's leading telecommunications companies in the world with over 174 million customers across five continents. According to the respondents, Telkom Kenya’s partnership with France Telecom Group has enabled them to make unprecedented investments into their operations helping them to deliver a world class service for Kenyans. Respondents revealed that the backing of France Telecom Group's network and carriers has opened wide perspectives for Telkom Kenya, and place it as a major player in the Kenya Market, thus changing its strategic focus completely. Respondents indicated that new services, technologies, and a worldwide presence are but a few of the strong areas of support that Telkom Kenya has received from its partner. Respondents indicated that the acquisition of Telkom Kenya by France Telecom has certainly led to the parent to invest heavily across the continent. Within their regional strategy, Telkom Kenya is set to play a pivotal role in the development of the group’s presence in East Africa. This has necessitated the company to change its strategic scope to the East African region.

In the strategic change, the role that change leadership plays in promoting and sustaining the change agenda is very important. The role of the management was identified as that of establishing a direction which other employees could follow. The responses indicated that the need for strong, personal leadership from the top that provides a clear overarching vision and focus is critical especially when Telkom Kenya is seeking to discard their traditional, hierarchical organizational structures in favour of leaner, flatter boundary-less forms comprising smaller, autonomous and networking units. This informed the decision to vouch for personal involvement of the Chief Executive Officer in communication the vision, mission and objectives of the organization. This has necessitated the company to bring in new senior employees who will steer the organization in the new direction agreed. In this study on Telkom Kenya, respondents revealed that the managers’ response to problem solving was key to how changes were implemented in the company. A common expectation, according to the respondents, was that the management should play the ‘change agent’ role.

4.4.4 Technological Changes

Another major factor which has motivated change at Telkom Kenya is in technology advancement. When fibre optic cables which provide high speed internet were being introduced to Kenya, respondents indicated that Telkom Kenya owns shares in the TEAMS (The East African Marine System) and EASSy (Eastern Africa Submarine cable System) cables. In addition to running the National Optic Fibre Backbone Initiative (NOFBI) Telkom Kenya has always had her own terrestrial fiber optic network-supporting its data carrier-to-carrier business. Respondents indicated that Telkom Kenya had to reinvent itself and bring back the national coverage it earlier had. The company currently covers the entire country on both the voice and data channels, with comprehensive plans in place to meet the Universal Service Provision’s requirements set out by the industry regulator in Kenya, the Communications Commission of Kenya (CCK). The respondents also revealed that Telkom Kenya, through France Telkom Group is part of the Lower Indian Ocean Network (LION) cable, an under-sea fibre optic cable connecting Kenya to Madagascar and the rest of the world that went live in the first half of 2012. The researcher established that with the partnership between Telkom Kenya and France Telcom Group, which saw the launch of the Orange brand in Kenya in 2008, the new corporate identity was inspired by new investments and a fresh new approach to doing business.

The respondents agreed that at Telkom Kenya, the managers are given a role of monitoring the progress of change, communicating with employees involved and affected by the changes and generally in leading the changes. The respondent managers agreed that at Telkom Kenya, managers and most employees agreed that in an organization, there is always room for improvement but what matters is the support from the management towards the same. The respondents revealed that at Telkom, the core element in changing is the working environment. According to the respondents, it was common understanding that a pleasant workplace would keep employees happy. High-spirited employees would be able to establish and maintain harmonious working relationship with workmates and contribute to keeping high morale. The respondents implied that realizing the value of effective employees' cooperation and collaboration and motivation in the work place is very important.

4.4.5 Communication in Change Efforts

Another major component in all the change efforts that Telcom Kenya has undertaken is communication. The respondents indicated that communication was vital in implementing downsizing, structural or strategic change. The interviewees indicated that they found that effective communication played a significant role in ensuring Telkom Kenya's successful operations and change efforts. They further revealed that, communication was important amongst managers to employees, and also in employee to employee relationships. Most of the interviewees concurred that listening skills, as part of effective communication, is one of the key competencies that a manager ought to possess at all times in carrying out his/her duties or when implementing any change effort. Before, during and after the implementation of change, managers were reported to listen to employees' opinions and understand their perspective and feelings on the imposed changes. This, according to the respondents, would further help managers to introduce future organizational change.

4.5 Challenges Encountered By Telkom Kenya in Managing Change

There were various challenges revealed by respondents in implementing changes at Telkom Kenya. The first challenge was lack or clear right-sizing. According to the respondents, the company lacked a clear cut way to differentiate between unproductive and productive employees. There were instances mentioned by the respondents where management disagreed on who and how employees were to be retrenched. Respondents indicated that the lack of success by Telkom Kenya to improve themselves through downsizing or retrenchment over the years is because once the company downsizes or retrenches, it not only lets go of unwanted and maybe unproductive workers, but also of good, productive employees. The respondents indicated that in some instances, post-downsizing reasoning among management indicated that Telcom Kenya needed to re-hire and therefore ending up spending more than had they refrained from downsizing in the first place. Hence this has been unsustainable to Telkom Kenya.

Another challenge in the downsizing which was mentioned by the respondents was cost. The retrenchment was managed in phases to manage the counter effect and also to make it affordable to the government which has been the main stakeholder until the arrival of France telecoms which now owns 51% of Telcom Kenya. Costs top pay the retrenched employees their severance packages has not been forthcoming as scheduled due to the unpredictability of resources from the government and the politics which has dodged the process over the years. The new employees who take management positions at Telkom Kenya lack the firm's history and culture and are therefore likely to repeat past mistakes.

Another challenge encountered in the changes that Telcom Kenya has undertaken according to the respondents was resistance to change. This occurred mostly in retrenchment, structural and process changes where most employees wanted the status quo to remain. In some retrenchment exercises, most employees were unhappy since they learnt about an impending downsizing from the media. The respondents however indicated that resistance is a common and expected human response across different types of organizational change. The respondents indicated that the organization has always considered constructive conflict to be a useful way of meeting such reactions to change.

One respondent indicated that ‘open resistance is welcomed and dealt with.’’ The company was mentioned to cope with resistance by using educative seminars to affected employees who including those leaving in case of downsizing and the ones who have been left. Some structural changes have always been met by passive responses where employees are slow or seem reluctant to adhere to a new process or practice. Motivational seminars and mentoring by new managers have been a major factor in managing such resistance. Management has mostly created buy-in by showing and explaining to employees why Telkom Kenya needs to downsize, partner with another company or change its structure. This has mostly made the changes to be more acceptable to the employees.

The final challenge is the rate of change in the telecoms industry. The respondents indicated that the telecoms industry has a dynamic and complex environment involving competition, politics, new technologies and new arenas of competition. The respondents indicated that competition in the telecoms sector in Kenya was first centered on voice services but it later moved to data and other value added services. Innovation according to the respondents has driven competition in the industry to a higher notch which has necessitated the building of a culture of change at Telkom Kenya. The company has also been affected in political battles in the acquisition, regulation and competition with other players in the industry. These factors have interplayed with the internal to bring about a very complex concoction of factors that must be dealt with for any change to be effective.

4.6 Discussion of Findings

4.6.1 Discussion In Relation To Theory

Study findings indicated that market liberalization efforts have been the biggest challenge to Telkom Kenya. This agrees with the form of dynamism indicated by Linn (2007). Delmar and Shane (2003) also indicated that some environments exhibit dynamism which is characterized by the rate of change and innovation in the industry as well as the uncertainty or unpredictability of the actions of customers and competitors. This makes the company to be in a form of constant change. The telecom industry was termed as dynamic by the respondents.

Study findings revealed that Telkom Kenya has embarked on a rebranding process as it aims to position itself as a major player in the digital control. Telkom Kenya according to the respondents which had monopoly on landline services was the epitome of inefficiency, corruption and red tape. These results agree with the views of Quinn (2006) who indicated that whether it is reengineering, total quality management, restructuring or whatever other reorganization program, the aim is almost always to initiate or promote the required change processes in the company and to improve the operations.

The respondents indicated that the organization has always considered constructive conflict to be a useful way of meeting such reactions to change. One respondent indicated that ‘open resistance is welcomed and dealt with.’’ A study by Jimmieson, Terry & Callan (2004) revealed that new and changing work conditions may evoke uncertainty and a response to organizational change and uncertainty is often resistance. The company was mentioned to cope with resistance by using educative seminars to affected employees who including those leaving in case of downsizing and the ones who have been left. Some structural changes have always been met by passive responses where employees are slow or seem reluctant to adhere to a new process or practice. Motivational seminars and mentoring by new managers have been a major factor in managing such resistance.

Besides the added cost involved in retrenching and re-hiring employees, a lot of firm specific knowledge is lost. Other findings by Burnes (2004) support this assertion. The findings by Burnes (2004) indicated that organizational resources and capabilities that are rare, valuable, non-substitutable, and imperfectly imitable form the basis for a firm's sustainable competitive advantage. According to this view, it only logically follows that HRs can contribute to sustainable competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships embedded in a firm's history and culture, and generate tacit organizational knowledge. Despite the fact that the new employee's knowledge was obtained somewhere else, the perception is that the new employee's experience and expertise will generally compensate for those of the departed ones and this is not true.

4.6.2 Discussion In Relation To Other Empirical Studies

Results indicated that Telkom Kenya has been forced to change mostly by forces in the environment that demanded a new way of operations and change of direction. This agrees with Lambert and Knemeyer (2004) who postulated that one of the primary functions of effective management is to organize and use the available resources in ways which minimize the impact of environmental threats and pressures on the organization. They argued that organizations must adapt to their environments if they are to remain viable. The findings also agree with Welch and Welch (2005) who maintain that to maximize long-term effectiveness, organizations need to develop the capability not only to cope with daily events in the environment, but also to cope with external events that are both unexpected and of critical importance.

The change efforts at Telkom have been overseen by strong management and leadership from top managers. The company has brought in new senior employees to steer the organization in the new direction agreed. These results are supported by results from a study by Beningfield (2006) who observed that an effective leader is the one who is able to face challenges that arise from changes in an organization. The study had observed that this type of leaders lead in the realization that their people are the real treasures of the organization and that they should be strategic in nurturing a sense of trust as a partaker in the transformation process.

This study established that Telkom Kenya does not follow any contemporary change model but integrates various change principles as change processes emerge. These findings agree with Gekonge (1999) who did a survey of the strategic change management practices by Kenyan companies which focused on companies listed in the Nairobi Securities Exchange. Gekonge (1999) established that most of the companies had their own change management practices different from what is provided by theory but they integrated various theoretical concepts to manage change. Another study by Miyumo

(2003) focused on change management practices in TQM implementation. The study established that organizations managed change efforts that were necessitated by TQM implementation and were successful in the TQM integration. A study by Borona (2009) focused on strategic change management at the national museums of Kenya. This study established that as cultural, social and economic environment change, National Museums in Kenya were obliged to change to fit with the new environment. This was similar to the findings in this study. The findings from this study concur with the results from Kandie (2001). Kandie (2001) did a study of the strategic responses by Telkom Kenya ltd in its competitive environment. This study established that Telkom Kenya has been implementing various strategic responses to fit the changing environment and counter threats thereto. Other studies which have similar results to this study are Kinanu (2007) and Ouma (2009). Kinanu (2007) did a survey of employee perception of the change process in Telkom Kenya headquarters and established that employees perceived the changes negatively as they were affected by the changes economically and socially. Resistance to change efforts was reported in the study by Kinanu (2007). Ouma (2009) studied challenges of managing strategic change in Telkom Kenya during and after privatization and established the political forces, competition and employees were the biggest challenging forces in managing change at Telkom Kenya.

Besides the added cost involved in retrenching and re-hiring employees, a lot of firm specific knowledge is lost. This finding agrees with Ulrich and Brockbank (2005) who noted that a popular perception among managers is that change means old practices are no longer relevant to the current business climate and that new blood will accomplish the job much more effectively. Despite the fact that the new employee's knowledge was obtained somewhere else, the perception is that the new employee's experience and expertise will generally compensate for those of the departed ones and this is not true.

Before, during and after the implementation of change, managers were reported to listen to employees' opinions and understand their perspective and feelings on the imposed changes. This, according to the respondents, would further help managers to introduce future organizational change. This finding was supported by Levasseur (2001) who argue that managers should have the initiative to interact with employees and keep them informed about any organizational change. By maintaining communication and listening to employees, managers can understand their unfulfilled needs and resistance to change.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the outcome of the study. It provides a summary of findings and then lays down the conclusions drawn from the findings. The researcher then provides recommendations on the gaps identified in the study. Lastly, the researcher gives recommendations for further research studies to be carried out in this area.

5.2 Summary of Findings

5.2.1 Changes that have been implemented at Telkom Kenya

The study established that Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999. In 1999 KPTC was split into the Communication Commission of Kenya (CCK), the Postal Corporation of Kenya (POSTA) and Telkom Kenya. The company as at March 2012 had a customer base of approximately 3,100,000 customers on GSM, fixed and CDMA wireless platforms with a country-wide presence.

Liberalization of the telecom sector in Kenya has led to major changes in the telecom sector with competing firms entering the market, new regulations being instilled, customer preferences changing and generally the operating environment has changed. Telkom Kenya's partnership with France Telecom Group which saw the launch of the Orange brand in Kenya has also brought many changes to Telkom Kenya. The new identity of Telkom Kenya is inspired by new investments and a fresh new approach to doing business. Over the last decade, Telkom Kenya has undergone major changes in terms of the manner in which it does business. From being a state-owned company, becoming a parastatal and finally partnering with France telecoms group

The company has changed its organization structure, its strategic focus, its employee size and composition and also its management orientation. The changes have been brought about by competition, market liberalization, technological advancements and more demanding customers, in terms of requirements for an increasing range of products and services.

The key determinants that are currently influencing change and competitive tactics are; wireless technology, where it has increasingly become the primary access technology for voice, data access, although voice is still the major money spinner for many years to come and newcomers displacing the traditional telecommunications operators. Other determinants are strategic alliances and acquisitions playing a major role in the evolving structure of the Kenyan, African and Global telecommunications markets and consumer demand led by customized solutions, packaged solutions and wholesale products/services.

Telkom Kenya continually monitors the external environment to establish any changes taking place so as to inform strategy. Technological advancement and regulatory restructuring have transformed the industry which has resulted in new markets, new players and new challenges.

Most of the changes which have been carried out in Telkom Kenya have been planned. The company is trying to get rid of the old inefficient government parastatal image. Telkom Kenya has also embarked on a rebranding process as it aims to position itself as a major player in the digital control.

The telecommunication company has managed to downsize on its staff and is continually targeting its staff for culture change in the first phase of a long –term rebrand going into 2015. The company has launched its new tag line in Kenya which reads "Today changes with Orange ". Its new strategy is to break down the employee client barrier to a more human, simple but concrete tone, as opposed to the past days' rude, slow and unhelpful employees. The tagline is set to represent the change that the company has inspired in its staff, and more generally the change as a whole as the company evolves. Telkom Kenya has been forced to change mostly by forces in the environment that demanded a new way of operations and change of direction. Retrenchment has been one change that the company has contented with for the past decade. After privatization, the new leadership on perceived that the employees' skills and competencies were redundant and decided to offer voluntary or forced redundancy. This was to incorporate sustainable HR strategy attempting to explain that the organization needed to orient their decision strategically to long-term focus rather than the short-term focus of "pay roll costs" approach which was adopted before privatization. The restructuring program has been developed jointly by management with the help of external consultants and has always received government endorsement for implementation, since government remains the other key stakeholder in partnership with France Telecoms Group. The retrenchment was managed in phases for two major reasons. First was to make it manageable. This is because change should be gradual to allow for adjustment and second was to spread the cost over a period of time.

Another major change which has been undertaken by Telkom Kenya is structural. This change has made the organizational structure to change. This happened after the privatization which saw the entry of France Telecoms as a major shareholder. The acquisition of Telkom Kenya was meant to make Telkom Kenya fit with France Telecom’s strategy to develop its presence in fast-growing developing markets. The acquisition and structural changes in Telkom Kenya after acquisition has been implemented through consultation of PricewaterhouseCoopers. The use of consultants was to bring an outsider view and also to ensure that it follows the best practice.

The structural changes instituted by Telkom Kenya have affected the reporting structures of managers and displaced some managers in the company. The company has trained and motivated affected managers who have been displaced to acquire the new skills they need to qualify for reassignment. The backing of France Telecom Group's network and carriers has opened wide perspectives for Telkom Kenya, and places it as a major player in the Kenya Market, thus changing its strategic focus completely. Within their regional strategy, Telkom Kenya is set to play a pivotal role in the development of the group’s presence in East Africa. This has necessitated the company to change its strategic scope to the East African region. In the strategic change, change leadership plays the role of promoting and sustaining the change agenda. The need for strong support from the top to provides a clear overarching vision and focus is critical especially when Telkom Kenya is seeking to discard her traditional, hierarchical organizational structures in favour of leaner, flatter boundary-less forms comprising smaller, autonomous and networking units.

Another major factor which has motivated change at Telkom Kenya is in technology advancement. Telkom Kenya has reinvented itself and improved her presence nationally. In fact, The Company introduced mobile technology which was not originally one of her products. This was a massive investment driven solely by technological advancements in the Telecommunications sector. Managers are given a role of monitoring the progress of change, communicating with employees involved and affected by the changes and generally in leading the changes.

Another major component in all the change efforts that Telcom Kenya has undertaken is communication management. Communication has been vital in implementing downsizing, structural or strategic change. The interviewees indicated that, effective communication played a significant role in ensuring Telkom Kenya’s successfully execute the change efforts. They further revealed that, communication was important between managers to employees as well as employee to employee relationships. This led to the adoption of the open office policy to replace the traditional office enclosures that used to exist. In this manner, managers and employees sit side by side and interact freely.

5.2.2 Challenges Faced

There were various challenges revealed by respondents in implementing changes at Telkom Kenya. The first challenge was in retrenchment. According to the respondents, the company lacked a clear cut way to differentiate between unproductive and productive employees. There were instances mentioned by the respondents where management disagreed on who and how employees were to be retrenched. The respondents indicated that in some instances, post-downsizing reasoning by management indicated that Telcom Kenya needed to re-hire and therefore ending up spending more than had they refrained from downsizing in the first place hence this has been unsustainable to Telkom Kenya.

Cost of changes was another challenge. The downsizing and other major changes have been managed in phases to manage the counter effect and also to make it affordable to the government which was main stakeholder until the arrival of France telecoms. Resources to pay the retrenched employees their severance packages has not been forthcoming as scheduled due to the unpredictability of resources from the government and the politics which has dodged the process over the years. Further, the new employees who take management positions at Telkom Kenya lack the firm’s history and culture and are therefore likely to repeat past mistakes.

Resistance to change was another challenge which was however expected. This occurred mostly during retrenchment, structural and process changes where most employees wanted the status quo to remain. Motivational seminars and mentoring by new managers have been a major factor in managing such resistance. Management has mostly created buy in by showing and explaining to employees why Telkom Kenya needs to downsize, partner with another company or change its structure. This has mostly made the changes to be more acceptable to the employees.

Respondents indicated that the telecoms industry has a dynamic and complex environment involving competition, politics, new technologies and new arenas of competition. Innovation according to the respondents has driven competition in the industry to a higher notch which has necessitated the building of a culture of change at Telkom Kenya. The company has also been affected in political battles in the acquisition, regulation and competition with other players in the industry. These factors have interplayed with the internal challenges that Telkom Kenya has to bring about a very complex concoction of factors that must be dealt with for any change to be effective.

5.3 Conclusions

After analysis of the findings, the study can put forward the following conclusions. The telecom industry in Kenya is characterized by a volatile environment. The environmental variables that necessitate change are competition, regulation, technological advancement and change in ownership.

Changes which have taken place at Telkom include downsizing, acquisition, structural changes and strategic changes. These have been managed through use of consultants, change planning, communication and buy in. The company has changed its organization structure, its strategic focus, its employee size and composition and also its management orientation. The changes has been brought about by competition, market liberalization, technological advancements and more demanding customers, in terms of requirements for an increasing range of products and services. The structural changes instituted by Telkom Kenya have affected the reporting structures of managers and displaced some managers in the company. The company have trained and motivated affected managers who have been displaced to acquire the new skills they need to qualify for reassignment. Telkom Kenya has reinvented itself and changed its strategic focus. Managers are given a role of monitoring the progress of change, communicating with employees involved and affected by the changes and generally in leading the changes. Another major component in all the change efforts that Telcom Kenya has undertaken is communication. Effective communication has played a significant role in ensuring Telkom Kenya's successful operations and change efforts.

Challenges in implementing changes at Telkom Kenya include the company lacking a clear cut plan in managing the retrenchment. Another challenge was having limited resources to finance the downsizing. Resistance to change was another challenge which was however expected and managed through buy in, seminars and manager development. Lastly, the dynamism of the telecoms industry, cutthroat competition, politics, new technologies and new arenas of competition have made change agenda at Telkom challenging to implement.

5.4 Implications of the Study

The study findings have the following implications on Telkom Kenya in order to strengthen change management. First, there should be a clear and desirable vision of what the company will be like once the change is complete. There should be clear-cut strategic goals as the Telkom Kenya undergoes the change process, and milestones should be established to guide the path of the change. This should be a move away from the way change has been effected in the past as knee jerk responses.

Secondly, detailed tactical plans should be decided upon and made available in accessible language to all who participate in the change process. This should be both in English and French to accommodate all the employees and management currently at Telkom Kenya. There should then be a commitment to the change by all the major stakeholders including the government, France telecoms, management and employees.

Thirdly, training should be provided for those individuals who do not have the skills for the management of change. Adequate time and other resources must be provided by the major stakeholders in this case the Government and France telecoms to enhance the probability of successful change. Further, comprehensive and frequent two-way communication should take place throughout the entire change process.

Lastly, people affected by change should be involved in the planning. Changes should be noted in writing and circulated appropriately and the procedures and methods for implementing change determined. Good interpersonal relationship and ease of manner should be observed. This should be coupled with the willingness to confront people where necessary without generating hostility. Employees and management should view change as an improvement and participate in it wholeheartedly.

5.5 Limitations of the Study

One limitation in this study was in arranging the interviews with the respondents. This was a challenge since it took much time to convince the respondents of the importance of their participation. However, after much persistence from the researcher, all interviews succeeded.

Another limitation is in generalizability of the findings to other companies other than Telkom Kenya. This is due to the fact that though a case study provides in-depth information about a single entity, the results cannot be readily generalized to other cases. However, the advantage of the case study approach outweighs this limitation.

Lastly, as in the development of any social construct, methodology or theory, certain aspects may be emphasized regarding relationships while unintentionally ignoring others. The qualitative research approach assumes a degree of limitations and constraints due to the subjective and interpretive variability of dynamic, open, human, active systems. This research is no exception as it becomes subjective in numerous respects. However, the four interviews were arranged to minimize the bias of subjectivity and make the data collected more objective by getting information from many respondents. Consequentially, repeatability and consistency may become challenges for future researchers who may wish to derive alternate interpretations.

5.6 Suggestions for Further Research

Future researchers can investigate further the change management processes in other sectors such as banking or manufacturing. Such studies would also employ different methodologies other than the ones utilized in this study. For example a survey approach rather than the case study approach as applied in this study and employ different data collection instruments such as questionnaire.

As every organization in every industry is different, a change management practice applicable in one organization may not fit another organization. This is due to the simultaneous nature of the changes, the speed at which the different types of change occur, the complexity of changes, the immediate communication and impact of the changes throughout the world and the need for individuals as well as leaders of organizations and nations to step up and immediately make decisions and address problems, issues and resolution. How companies have implemented changes and how they have dealt with the human element in change management should be other areas for future research.

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APPENDICES

Appendix I: Interview Guide for Telkom Kenya Ltd. Managers

SECTION A: MANAGING CHANGE AT TELKOM

1. Does Telkom Kenya Ltd. continually monitor the external environment to establish any changes?

2. What is the nature of environment that Telkom Kenya Ltd operates in terms of change?

3. What are the major forces that bring change to the company?

4. In your view, of the above mentioned environmental changes, what can you term as the major force that has brought the most changes in the company?

5. What process does the company apply in any change process?

SECTION B: CHALLENGES ENCOUNTERED IN MANAGING THE CHANGES

1. Do the said changes affect your strategic planning?

2. Which challenges has the company encountered in the process of change?

3. How did the above challenges affect the change process and how were they overcome?

Thank you for your time